



STAR OHIO

**ANNUAL REPORT
2023**

ROBERT SPRAGUE

OHIO TREASURER

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OHIO TREASURER

Dear Public Funds Managers,

It is an honor to provide the State Treasury Asset Reserve of Ohio (STAR Ohio) annual report for the state fiscal year ending June 30, 2023.

Local communities are the heartbeat of the Buckeye State. In so many ways, their collective strength and fiscal well-being dictates the overall economic strength of the State of Ohio. 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 2023, STAR Ohio added yet another chapter of record-setting success and new all-time highs to its storied history. The year saw the program exceed \$22 billion in assets for the first time ever – reaffirming the confidence and trust public entities have in this time-tested investment pool. Additionally, more than \$766 million in investment income was distributed to participating entities throughout FY 2023. This was a striking and significant increase over the \$48 million distributed in the previous fiscal year.

We hope you find the following report to be comprehensive and informative, and we invite you to share your ideas and feedback about STAR Ohio. Your thoughts help us to continuously improve STAR Ohio and optimize the investment pool's performance.

For questions about STAR Ohio, please contact us via email at 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 and state agencies as a means to invest in a portfolio of high-grade, short-term investment securities. The objectives of STAR Ohio are preservation of capital, maintenance of liquidity, and provision of current income. STAR Ohio is similar in concept to a registered investment company, commonly called a "money market mutual fund". The 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 its participants. 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, 2023, STAR Ohio's net position increased by approximately \$3.7 billion, or 20%, due to net subscriptions. Receipts for many of Ohio's political subdivisions were higher than anticipated and investing in STAR Ohio proved to be an attractive investment option for money that was not immediately needed to cover expenditures.

The Federal Open Market Committee ("FOMC") continues to be vigilant in its efforts to tame persistent inflation. FOMC actions during the fiscal year 2023 have increased the Federal Funds Rate seven times. At the start of fiscal year 2023, the FOMC target range was 1.50% to 1.75%. The fiscal year ended with an FOMC target range of 5.00% to 5.25%. Consequently, the STAR Ohio yield has been able to increase in line with the FOMC's target rate. STAR Ohio's daily yield was 5.28% on June 30, 2023.

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

STAR Ohio's average yield for fiscal year 2023 was 3.91%. As of June 30, 2023, STAR Ohio held approximately 35% 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, 2023 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, 2023 and the changes in its net position and its 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 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 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 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

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 STAR Ohio's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 21, 2023 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.



August 21, 2023

STATE TREASURY ASSET RESERVE OF OHIO

FINANCIAL HIGHLIGHTS Data for each share outstanding throughout the year

	Year ended June 30,	
	2023	2022
Net asset value, beginning of year	\$ 1.00	\$ 1.00
Net investment income	0.0391	0.0028
Distributions from net investment income	(0.0391)	(0.0028)
Net asset value, end of year	\$ 1.00	\$ 1.00
Total Return	3.91%	0.28%
Ratio/Supplemental Information		
Expenses as a percentage of average net assets (1)	0.038%	0.041%
Net investment income as a percentage of average net assets (1)	3.91%	0.28%
Net position, end of year	\$22,134,625,628	\$18,443,766,552

(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, 2023

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
Federal Agency Issues and U.S. Treasury Obligations — 4.6%			
\$ 25,000,000	Federal Farm Credit Bank Debentures, 0.28%	9/14/23	\$ 24,746,917
25,000,000	Federal Home Loan Bank Floating Rate Notes, 4.50%	8/28/23	25,000,000
50,000,000	Federal Home Loan Bank Debentures, 4.50% - 5.46%	9/6/23 - 3/15/24	50,000,000
25,000,000	Federal National Mortgage Association Debentures, 5.13%	2/9/24	25,000,000
550,000,000	U.S. Treasury Bills, 5.12% - 5.36%	7/20/23 - 10/24/23	544,842,073
348,000,000	U.S. Treasury Floating Rate Notes, 5.28%	7/31/23 - 10/31/23	347,962,327
Total Federal Agency Issues and U.S. Treasury Obligations			\$ 1,017,551,317
Negotiable Certificates of Deposit — 24.7%			
\$ 150,000,000	Bank of America, 5.43% - 5.73%	11/29/23 - 12/26/23	\$ 150,000,000
525,000,000	Bank of Montreal - Chicago, 4.26% - 5.69%	7/10/23 - 12/27/23	525,000,000
100,000,000	Bank of Nova Scotia, 5.34% - 5.40%	11/15/23 - 11/28/23	100,000,000
100,000,000	Barclays Bank, 5.10% - 5.56%	7/21/23 - 10/23/23	100,000,000
50,000,000	BNP Paribas, 5.02%	8/9/23	50,000,000
100,000,000	Credit Agricole, 5.09% - 5.19%	7/13/23 - 8/3/23	100,000,000
25,000,000	Citigroup Global Markets, 5.01%	9/26/23	25,000,000
650,000,000	Mizuho Securities, 5.00% - 5.78%	7/19/23 - 3/20/24	650,000,000
350,000,000	MUFG Bank, Ltd., 5.22% - 5.86%	8/10/23 - 12/8/23	350,000,000
135,000,000	Natixis, 5.30% - 5.60%	7/14/23 - 2/28/24	135,000,000
500,000,000	Nordea Bank, 4.97% - 5.45%	7/6/23 - 12/7/23	500,000,000
50,000,000	Rabobank, 5.01%	8/7/23	50,000,000
150,000,000	Royal Bank of Canada, 5.42% - 5.86%	10/19/23 - 12/6/23	150,000,000
725,000,000	Sumitomo Mitsui Bank, 5.34% - 5.94%	7/7/23 - 1/31/24	725,000,000
350,000,000	Sumitomo Mitsui Trust, 5.21% - 5.57%	7/27/23 - 12/6/23	350,000,000
200,000,000	Svenska Handelsbanken, 5.45% - 5.77%	8/14/23 - 12/29/23	200,000,000
425,000,000	Swedbank, 5.00% - 5.62%	7/24/23 - 12/29/23	425,000,000

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
\$ 560,000,000	Toronto Dominion Holdings, Inc., 4.07% - 5.77%	8/8/23 - 3/4/24	\$ 560,000,000
100,000,000	Truist Bank, 5.01%	7/31/23	100,000,000
225,000,000	Westpac Bank, 5.25% - 5.58%	7/12/23 - 12/28/23	225,000,000
Total Negotiable Certificates of Deposit			\$ 5,470,000,000
Commercial Paper — 39.1%			
\$ 100,000,000	Anglesea Funding, LLC, 5.17%	7/5/23	\$ 99,943,444
450,000,000	Bank of America NA, 5.08% - 5.57%	7/7/23 - 12/13/23	446,413,361
50,000,000	Bank of Montreal - Chicago, 5.76%	8/4/23	50,000,000
100,000,000	Barclays Bank, 5.50%	8/23/23 - 8/25/23	99,193,000
700,000,000	Bedford Row Funding Corp., 5.01% - 5.76%	7/26/23 - 12/18/23	694,814,153
100,000,000	BNP Paribas, 5.08% - 5.26%	9/11/23 - 11/6/23	98,599,111
320,000,000	Cabot Trail Funding, 5.20% - 5.72%	7/25/23 - 12/8/23	315,151,375
50,000,000	Canadian Imperial Holdings, 5.50%	11/30/23	48,881,111
150,000,000	Citigroup Global Markets, 5.28% - 5.74%	7/6/23 - 12/28/23	147,308,528
143,325,000	Collateralized Commercial Paper V Co., 5.07% - 5.26%	8/11/23 - 10/2/23	142,633,720
475,000,000	Collateralized Commercial Paper FLEX Co., 5.08% - 5.79%	7/10/23 - 12/28/23	470,679,903
50,000,000	Credit Agricole, 5.73%	12/5/23	48,798,514
365,000,000	Fairway Finance, 5.00% - 5.42%	7/12/23 - 10/13/23	362,009,296
165,000,000	Great Bear Funding, 5.29% - 5.47%	10/2/23 - 12/20/23	165,000,000
755,750,000	GTA Funding, 5.00% - 5.75%	7/7/23 - 12/18/23	746,951,972
50,000,000	Halkin Finance, 5.78%	12/13/23	48,728,125
277,160,000	ING Funding, 4.99% - 5.45%	7/5/23 - 11/9/23	274,868,320
200,000,000	JPMorgan Securities, LLC, 5.25% - 5.57%	10/10/23 - 3/26/24	200,000,000
420,000,000	Liberty Street Fund, 5.08% - 5.78%	7/5/23 - 12/22/23	413,503,681
295,150,000	LMA Americas, 5.11% - 5.76%	7/17/23 - 12/21/23	291,494,011
425,000,000	Manhattan Asset Fund, 5.28% - 5.75%	8/2/23 - 12/11/23	418,668,971
50,000,000	Mizuho Securities, 4.99%	7/25/23	49,836,667
250,000,000	MUFG Bank, Ltd., 4.98% - 5.76%	7/26/23 - 12/20/23	246,290,667
100,000,000	Natixis, 5.22% - 5.76%	7/5/23 - 12/26/23	98,606,778
95,000,000	Pricoa Global Funding, 5.19% - 5.75%	9/25/23 - 1/5/24	93,231,944
50,000,000	Rabobank, 5.01%	8/16/23	49,686,306

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
\$ 435,000,000	Ridgefield Funding, 4.99% - 5.58%	7/19/23 - 11/20/23	\$ 431,869,756
200,000,000	Royal Bank of Canada, 5.51% - 5.76%	7/11/23 - 1/26/24	200,000,000
250,000,000	Sumitomo Mitsui Trust, 5.23% - 5.61%	7/21/23 - 9/26/23	247,612,736
600,000,000	Toyota Motor Credit Corporation, 4.98% - 5.71%	7/12/23 - 12/19/23	593,388,375
775,317,555	U.S. Bank NA, 5.15%	7/3/23	775,317,555
285,000,000	Victory Receivables, 5.30% - 5.75%	7/17/23 - 12/15/23	280,460,928
Total Commercial Paper			\$ 8,649,942,308
Corporate Bonds — 0.7%			
\$ 125,000,000	Citigroup Global, 3.75% - 5.81%	7/20/23 - 10/18/23	\$ 125,000,000
7,400,000	John Deere Capital Corp, 5.18%	7/10/23	7,399,133
20,000,000	Toyota Motor Credit Corp, 5.81%	12/11/23	20,000,000
Total Corporate Bonds			\$ 152,399,133
Bank Deposits⁽¹⁾ — 4.8%			
\$ 77,997,809	CFBank, IntraFi Network, LLC (FDIC insured), 5.40%	7/3/23	\$ 77,997,809
51,888,265	Ohio State Bank, IntraFi Network, LLC (FDIC insured), 5.40%	7/3/23	51,888,265
734,870,685	PNC Bank, 5.05%	7/3/23	734,870,685
207,212,556	Truist Bank, 5.05%	7/3/23	207,212,556
Total Bank Deposits			\$ 1,071,969,315
Money Market Funds⁽²⁾ — 9.7%			
1,987,783	Federated Hermes Institutional Prime Obligations Fund, 5.19%	7/3/23	\$ 1,989,236
1,454,505	Goldman Sachs Government Fund, 5.02%	7/3/23	1,454,505
3,499,581	HSBC U.S. Government Money Market Fund, 5.02%	7/3/23	3,499,581
1,425,886,311	Invesco Government & Agency Portfolio - Institutional, 5.05%	7/3/23	1,425,886,311
716,729,252	Morgan Stanley Institutional Liquidity Prime Portfolio, 5.20%	7/3/23	717,194,609
Total Money Market Funds			\$ 2,150,024,242

Principal Amount/ Shares		Maturity Date	Amortized Cost (Note C)
Repurchase Agreements — 16.1%			
\$ 350,000,000	Bank of Montreal - Chicago, 5.06%, dated 6/29/23, repurchase price \$351,328,250, collateralized by various FMACs, 4.50% - 5.50%, due 8/1/52 - 6/1/53, par \$361,151,386 and fair value of \$357,000,000.	7/26/23	\$ 350,000,000
800,000,000	Bank of Nova Scotia, 5.04%, dated 6/30/23, repurchase price \$800,336,000, collateralized by various U.S. Treasury Notes, FNMAs and FMACs, 0.125% - 7.00%, due 7/31/23 - 7/1/53, par \$854,907,917 and fair value of \$816,000,034.	7/3/23	800,000,000
500,000,000	Credit Agricole, 5.04%, dated 6/30/23, repurchase price \$500,210,000, collateralized by various GNMAs, 2.00%, due 1/20/51, par \$606,905,795 and fair value of \$510,000,000.	7/3/23	500,000,000
800,000,000	HSBC, 5.04%, dated 6/30/23, repurchase price \$800,336,000, collateralized by various FNMAs and FMACs, 1.50% - 6.50%, due 6/1/31 - 6/1/56, par \$889,065,198 and fair value of \$816,000,000.	7/3/23	800,000,000
350,000,000	Mizuho Securities USA, LLC, 5.04%, dated 6/30/23, repurchase price \$350,147,000, collateralized by various FNMAs, 2.00% - 9.50%, due 9/1/23 - 1/1/57, par \$372,935,582 and fair value of \$357,000,000.	7/3/23	350,000,000
750,000,000	RBC Capital Markets, 5.04%, dated 6/30/23, repurchase price \$750,315,000, collateralized by various U.S. Treasury Bills, U.S. Treasury Notes, GNMAs and FMACs, 0.00% - 5.17%, due 7/11/23 - 2/1/53, par \$825,775,948 and fair value of \$765,000,016.	7/3/23	750,000,000
Total Repurchase Agreements			\$ 3,550,000,000
Total Investments — 99.7%			\$22,061,886,315
Assets in excess of other Liabilities — 0.3%			\$ 72,739,313
Net Position — 100% --equivalent to \$1.00 per share for 22,134,625,628 outstanding shares of the Pool			\$22,134,625,628

(1) The rate shown represents the rate at June 30, 2023.

(2) The yield shown represents the 7-day yield at June 30, 2023.

See Accompanying Notes to Financial Statements

STATE TREASURY ASSET RESERVE OF OHIO

STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2023

Assets

Investments	
Federal Agency Issues and U.S. Treasury Obligations	\$ 1,017,551,317
Negotiable Certificates of Deposit	5,470,000,000
Commercial Paper	8,649,942,308
Corporate Bonds	152,399,133
Money Market Funds	2,150,024,242
Repurchase Agreements	3,550,000,000
Bank Deposits	1,071,969,315
Total Investments	22,061,886,315
Interest Receivable	78,746,391
Prepaid Expenses/Other Assets	255,060
Total Assets	\$22,140,887,766

Liabilities

Accrued Co-Administrator Fees	\$ 134,690
Accrued Co-Investment Consultant Fees	223,947
Accrued Audit Fees	46,993
Accrued Custodian, Banking, and Transfer Agent Fees	120,224
Accrued Management Fees	123,288
Other Liabilities	12,648
Dividends Payable	5,600,348
Total Liabilities	6,262,138

Net Position

	\$22,134,625,628
Capital Shares Outstanding	22,134,625,628
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>	
	<u>2023</u>	<u>2022</u>
Investment Income		
Interest Income	\$ 774,189,900	\$ 55,394,380
Expenses		
Co-Investment Consultant Fees	2,520,866	2,314,290
Management Fees	1,500,000	1,601,370
Co-Administrator Fees	1,600,440	1,574,672
Custodian, Banking, and Transfer Agent Fees	969,200	1,056,617
Bloomberg and Pricing Fees	679,165	375,244
Audit Fees	46,754	48,280
Standard & Poor's Analytical Fees	48,000	46,649
Communication and Technology Support Services Fees	21,785	17,955
Printing and Postage Fees	25,316	17,373
Net Expenses	7,411,526	7,052,450
Net Investment Income	\$ 766,778,374	\$ 48,341,930

See Accompanying Notes to Financial Statements

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

	Year ended June 30,	
	2023	2022
Change in Net Position		
Operations		
Net Investment Income	\$ 766,778,374	\$ 48,341,930
Distributions to Shareholders from		
Net Investment Income	(766,778,374)	(48,341,930)
Capital Share Transactions Net Increase (Decrease) - Note F	3,690,859,076	784,286,378
Increase (Decrease) in Net Position	3,690,859,076	784,286,378
Net Position		
Beginning of Year	18,443,766,552	17,659,480,174
End of Year	\$22,134,625,628	\$18,443,766,552

See Accompanying Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

The Ohio Treasurer, Robert Sprague, through the Treasurer’s Investment Department (“TOS”), serves as the administrator and investment advisor for STAR Ohio. TOS is solely responsible for decisions and 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 ORC section 135.143. In addition, TOS is responsible for the overall management of STAR Ohio’s business affairs. For the fiscal year ended June 30, 2023, STAR Ohio compensated TOS with a management fee of \$1,500,000.

Public Funds Administrators (“PFA”), a wholly-owned subsidiary of Meeder Investment Management, Inc. (“Meeder”), 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.

Fifth Third Bank serves as custodian of STAR Ohio, settling security transactions and collecting investment income. Compensation to the custodian is based upon the month-end net asset value and is charged monthly in arrears.

PFA serves as the dividend and transfer agent for STAR Ohio, and is responsible for maintaining participants’ account records, allocating net investment income, and producing account statements for STAR Ohio participants. Compensation to the transfer agent is based on a percentage of daily net assets with a minimum annual fee of \$240,000.

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. Because STAR Ohio qualifies for reporting at amortized cost under GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, 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, 2022.

STAR Ohio is not registered with the Securities & Exchange Commission as an investment company but has adopted GASB Statement No. 79, 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*.

STAR Ohio reserves the right to limit participant transactions to \$250,000,000 per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100,000,000 or more. For the fiscal year ended June 30, 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

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 as 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 deposit, 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, 2023, 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, 2023.

Investments by Fair Value Level	Fair Value at June 30, 2023	Level 1	Level 2	Level 3	Value at Amortized Cost
Federal Agency Issues and U.S. Treasury Obligations	\$ 1,017,508,691	\$ —	\$ 1,017,508,691	\$ —	\$ 1,017,551,317
Negotiable Certificates of Deposit	5,469,670,532	—	5,469,670,532	—	5,470,000,000
Commercial Paper	8,646,508,565	—	8,646,508,565	—	8,649,942,308
Corporate Bonds	152,158,939	—	152,158,939	—	152,399,133
Money Market Funds	2,149,557,630	2,149,557,630	—	—	2,150,024,242
Repurchase Agreements	3,550,000,000	—	3,550,000,000	—	3,550,000,000
Totals	\$ 20,985,404,357	\$ 2,149,557,630	\$ 18,835,846,727	\$ —	\$ 20,989,917,000

As of June 30, 2023, STAR Ohio invested in collateralized bank deposits in the amount of \$644,550,490, uncollateralized bank deposits in the amount of \$297,032,751, and federally insured demand deposits totaling \$130,386,074, which are not included in the table above. Total investments on the Statement of Assets and Liabilities totaled \$22,061,886,315.

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 -\$4,512,643 as of June 30, 2023. 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, 2023, commercial paper holdings represented approximately 39.3 percent of the Total Average Portfolio. The Total Average Portfolio calculation is subject to change by the Treasurer.

All repurchase agreements are fully collateralized by U.S. government or federal agency securities, pursuant to ORC section 135.143, 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, 2023, STAR Ohio invested in six repurchase agreements on a tri-party basis totaling \$3,550,000,000, 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, 2023. STAR Ohio may enter into reverse repurchase (borrowing) agreements. For the fiscal year ended June 30, 2023, 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, 2023, 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, 2023, STAR Ohio had the following investments and maturities:

Investment Type	Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Bank Deposits	\$ 1,071,969,315	\$ 1,071,969,315	\$ —
Negotiable Certificates of Deposit	5,470,000,000	5,470,000,000	—
Commercial Paper	8,649,942,308	8,649,942,308	—
Corporate Bonds	152,399,133	152,399,133	—
Federal Agency Issues and U.S. Treasury Obligations	1,017,551,317	1,017,551,317	—
Money Market Funds	2,150,024,242	2,150,024,242	—
Repurchase Agreements	3,550,000,000	3,550,000,000	—
Totals	\$22,061,886,315	\$22,061,886,315	\$ —

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, 2023, STAR Ohio's WAM(R) and WAM(F) were 39 and 64 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 Overnight Bank Funding 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, 2023.

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, 2023, 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	\$ 1,071,969,315	\$ —	\$ 337,098,630	\$ 734,870,685	\$ —
Negotiable Certificates of Deposit	5,470,000,000	—	1,635,000,000	3,835,000,000	—
Commercial Paper	8,649,942,308	—	200,000,000	3,474,801,029	4,975,141,279
Corporate Bonds	152,399,133	—	—	152,399,133	—
Federal Agency Issues and U.S. Treasury Obligations	1,017,551,317	—	1,017,551,317	—	—
Money Market Funds	2,150,024,242	2,150,024,242	—	—	—
Repurchase Agreements	3,550,000,000	—	—	—	3,550,000,000
Totals	\$22,061,886,315	\$ 2,150,024,242	\$ 3,189,649,947	\$ 8,197,070,847	\$ 8,525,141,279

* 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 criteria for AAAM rated money market funds and ORC section 135.143. 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, 2023, STAR Ohio had 5 percent or more of its net assets invested in the following issuer:

Invesco Funds	6.4%
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Foreign Currency Risk: STAR Ohio does not have exposure to foreign exchange risk.

Custodial Credit Risk: As required by state law, the financial institutions holding STAR Ohio demand deposits collateralize accounts for balances in excess of the amounts covered by federal insurance. Certain financial institutions are permitted to have a reduced collateral floor. At June 30, 2023, a portion of the bank deposits was exposed to custodial credit risk. Demand deposits totaling \$130,386,074 were federally insured; \$644,550,490 was collateralized; and \$297,032,751 was uncollateralized. STAR Ohio’s other investments are not exposed to custodial credit risk, as defined by GASB Statement No. 40, *Deposit and Investment Risk*

Disclosures. Securities in STAR Ohio are insured, registered, held by STAR Ohio, or held in a specific trust account designated for STAR Ohio. The carrying amount of cash and bank balance was zero at the end of the fiscal year.

NOTE D – SECURITIES LENDING

Pursuant to ORC section 135.143, 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. However, STAR Ohio has not established a securities lending program.

For the fiscal year ended June 30, 2023, 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,	
	2023	2022
Shares Sold	41,905,233,787	33,205,381,619
Shares Issued for Distributions	726,498,462	46,108,973
	42,631,732,249	33,251,490,592
Shares Redeemed	(38,940,873,173)	(32,467,204,214)
Capital Shares Transactions Net Increase (Decrease)	3,690,859,076	784,286,378

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 provision of 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 ORC section 135.143. 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 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 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 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 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 rating agencies, 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 rated in the three highest categories by at least one nationally recognized rating agency, 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 Treasurer;

(12) Bank deposits, certificates of deposits, and savings in eligible institutions applying for interim monies as provided in ORC section 135.08; and

(13) No-load money market mutual funds rated in the highest category by one nationally recognized rating agency 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

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 Ohio 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. 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

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