

# Empowering Ohioans with Smart Money Choices

Ohio Treasurer of State  
Annual Report  
Fiscal Year 2009



**KEVIN L. BOYCE**  
OHIO TREASURER OF STATE



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## Our Mission

**The mission of the Ohio Treasury** is to protect and invest state funds while providing innovative financial education and resources, empowering you to make Smart Money Choices.

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## Our Vision

**To be the premier state treasury** recognized for fiscal leadership and community engagement relevant to Ohio and its residents.

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## Our Values

**Every decision** is rooted in making a better Ohio.

**We will carry out all functions required** of this office with the highest degree of ethical behavior.

**All services will be delivered** in a cost-effective manner while maintaining quality.

**Our staff** will be knowledgeable and innovative.

**All interactions** will reflect a high level of professionalism and respect.

**Effective communication** occurs at all levels, across all departments and with all stakeholders. Communication is timely, appropriate, accurate, complete, understandable, and relevant.

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# Letter from the Treasurer to the Citizens of Ohio

Dear Ohioans,

This past year has been a hard time for all of us. Together we are weathering one of the toughest economic times since the Great Depression. My staff and I have worked around the clock since my appointment in January 2009 to serve you; and, I want to thank you for putting your trust in me as your Treasurer.

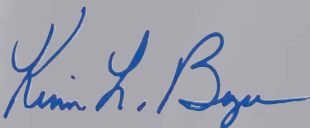
I am pleased to present the Ohio Treasurer of State's Annual Report for Fiscal Year 2009. This report will highlight the Treasury, its programs, and our portfolio. Despite the turbulent year, this detail will show you how hard the Treasury has worked to keep your money safe and invested wisely.

The Treasury takes pride in our award winning financial literacy programs, and our State Treasury Asset Reserve of Ohio (STAR Ohio) which has a AAA rating from Standard & Poor's. We have not lost a single dime to bad investments during my administration.

Ohio's small business owners believe in what we are doing. At a record rate, they are investing in us, and we are investing in them. The Treasury invested more than \$231 million in GrowNOW linked deposits for small business loans. That's the highest it has been since 1983 when the program started. With that success we created two new linked deposit programs: ECO-Link is aimed at reducing energy costs and raising home values, and SaveNOW helps Ohioans earn up to 3.25% interest on savings accounts, offsetting the cost of life's unexpected expenses.

Our priority is to protect and strategically invest Ohio's tax dollars. That responsibility has become more vital in a turbulent economy. Rest assured, we are protecting your money and investing in our state's future.

Respectfully,



Kevin L. Boyce

# Biography of the Treasurer

The Honorable Kevin L. Boyce was sworn in as the 47th Treasurer of the State of Ohio on January 7, 2009, in a ceremony conducted by Ohio Governor Ted Strickland. Boyce was raised in Columbus by his mother and his grandmother. They taught him that hard work and responsibility create opportunities to succeed in life. These lessons are the foundation for Boyce's social and political philosophy. His family helped him develop an understanding of the importance of community service and, even more importantly, the belief that each of us has a role in making tomorrow better than today. Boyce sees his role as Ohio Treasurer of State as an opportunity to make a bigger impact than ever before—giving Ohioans the support and resources they need to make informed, confident financial decisions to strengthen the entire state's economy.

Prior to his appointment as Treasurer, Boyce served eight years as a member of the Columbus City Council. In his final three years he was elected President Pro Tempore and served as Chairman of the Public Finance Committee. Columbus is the 15th largest city in the nation, and the largest city in the country with a AAA Bond Rating from all three major bond rating agencies. During his tenure on Council, Boyce estab-

lished a record of fiscal integrity, performance based budget practices, and oversaw the adoption of the city's \$1.3 billion annual budget. This included a capital budget of nearly \$400 million for roadways, neighborhood development, and infrastructure improvements. He also founded the Columbus Youth Commission, significantly expanded parklands and greenways, advocated for stronger civil rights laws, and championed job creation strategies that led to the creation or retention of over 20,000 jobs in central Ohio.

In addition to Columbus City Council, Boyce served as Executive Director of KnowledgeWorks Ohio -- a non-profit organization created with the mission of improving Ohio's school systems through public development and advocacy. During his tenure at KnowledgeWorks, Boyce was part of a team that invested over \$100 million in Ohio's public school systems. The team implemented cutting edge education models such as Project GRAD, Small Schools, and Early College.

Boyce has also served as Chief of Staff for the Ohio House of Representatives' Democratic Caucus, was Executive Director of the Ohio Legislative Black Caucus, and directed youth programs in the City of Toledo.

Boyce has a Bachelor's Degree in Political Science from the University of Toledo and a Master's Degree in Public Administration from Central Michigan University.

Kevin Boyce resides in Columbus, Ohio with his wife, Crystal, and their children.



# About the Ohio Treasury

The Ohio Treasury is the state's "bank" or "the People's bank". Our goal is to safeguard your money while providing state government with the capital and financial resources it needs to carry out its everyday operations.

The Treasurer's Office collects, protects and invests state funds while providing innovative financial education and resources, empowering you to make Smart Money Choices.

Through fiscal leadership, the Treasury promotes economic growth while advancing both public and personal financial education for Ohioans.

The Ohio Treasury collects some taxes, most state-administered fees and fines, and manages the state's three multi-billion dollar investment portfolios. These portfolios consist of assets from all state funds and the STAR Ohio investment pool. In Fiscal Year 2009, the combined investment portfolio managed by the Ohio Treasury totaled \$15.5 billion.

The office is also the custodian of many other state accounts totaling more than \$149.9 billion. Custodial assets include those of the Police and Fire Pension Fund, Public Employees Retirement System, School Employees Retirement System, State Highway Patrol Retirement System, State Teachers Retirement System, and several other

state agencies including the Ohio Bureau of Workers' Compensation and the Ohio Tuition Trust Authority.

Under Ohio law, the Treasurer of State also:

- Maintains various state accounts and processes payments of all state warrants issued for expenses incurred in the operation of state government;
- Administers and monitors all debt service payments for all Ohio Public Facilities and the Treasurer of State-issued bonds;
- Chairs the Board of Deposit and by law is the custodian of all funds for the Bureau of Workers' Compensation;
- Serves as a member of the Sinking Fund Commission;
- Serves as a member of the Ohio Public Facilities Commission;
- Serves as a member on: Agricultural Financing Commission, Financial Planning and Supervision Commission, Mine Subsidence Underwriting Board, Ohio Student Tuition Recovery Authority, and Petroleum Underground Storage Tank Finance Assurance System; and,
- Is the issuing authority for voter-approved general obligation highway improvements bonds, federally-backed bonds for highway infrastructure projects, and bonds for economic development, mental health, parks and recreation, and cultural arts facilities. The Treasurer also issues bonds for the Ohio Enterprise Bond Fund, Ohio-Centric Student Loan Programs, and the State Infrastructure Bank.



# The Treasurer's 2009 Initiatives

While Treasurer Boyce is focused on strategically investing and protecting Ohio's tax dollars, he also understands that there is much more the Treasury's staff can do to serve the people of Ohio. Therefore, in 2009, he outlined several initiatives that the office continues to pursue: Economic Development, Constituent Affairs, and Financial Literacy and Education Initiatives.

## Investing in Economic Development

In partnership with eligible state depository banks, the Treasury is committed to helping spur a rapid and robust economic recovery. To do this, the Treasury employs a unique Linked Deposit model through which the office purchases certificates of deposit and passes the interest on to eligible businesses in the form of a reduced rate loan.

As one of his first acts as Treasurer, Boyce created the Treasury's very first Department of Economic Development. This department invests up to 12 percent of the state's investment portfolio in special programs that create jobs and promote financial stability. It also supports the operations of Ohio's farms, and helps our state's homeowners realize the savings of home weatherization improvements.



In Fiscal Year 2009, the Department of Economic Development focused on four landmark Linked Deposit programs: GrowNOW, SaveNOW, Ag-LINK, and ECO-Link.

## Job Creation

The Ohio Treasury's commitment to supporting job creation through Ohio's small businesses has never been more evident. 2009 saw record highs in program participation and statewide impact. By linking small business loans at eligible state depository banks, small businesses receive up to a three percent interest rate reduction when the loan is tied to creating or retaining jobs in Ohio. This model can help save small businesses thousands of dollars over two years of the loan period. Each month, an average of \$20 million is invested in GrowNOW Linked

Deposits. The record for investing in GrowNOW in a given month occurred in December of 2008 when more than \$30 million was invested.

This reliable and consistent stream of funds has financed the expansion of 1,107 participating businesses in 81 of Ohio's 88 counties. In this fiscal year alone, 9,000 jobs have been saved or created as a direct result of GrowNOW. The Ohio Treasury encourages

*"On behalf of myself and my husband, we would like to "Thank You" for approving our participation in this program! It has been difficult to keep a small family-owned business in operation over the past couple of years and this lower interest rate on our mortgage will help tremendously".*

*Bob & Debbie Birkimer  
Owners/Operators  
Birkimer Enterprises Inc  
dba Hunters Run*

economic development by supporting Ohio's small business owners and entrepreneurs, allowing them to flourish, even in this time of economic turbulence. The Treasurer's staff is focused on continuing to adapt

# The Treasurer's 2009 Initiatives

*"The program is bang-bang. It was practically a one-day process. A 3% interest rate reduction is unbelievable. It's like free money. It's a really great program."*

*Drew Myers, owner of Recruit Military LLC and GrowNOW recipient.*

GrowNOW to the economy, ensuring a viable and user-friendly program for all parties involved.

## SaveNOW

A unique twist on the Linked Deposit model, SaveNOW allows "savers" to earn up to an additional 3.25 percent interest on the money in their savings accounts up to \$5,000. The program affords banks a new product to offer its customers and provides an extra incentive for Ohioans to save.

The SaveNOW program had its "soft" launch in February, 2009 with MainSource Bank (based in Troy, Ohio) and Wayne Savings Bank (based in Wooster, Ohio). The official launch of the program was in April 2009 with National City Bank/PNC in Columbus, Ohio.

The original fund allocation for SaveNOW was \$25 million. However, based on overwhelm-

ing consumer response and program participation, the Treasury added an additional \$25 million to fund the program.

For fiscal year 2009, the participating banks were: First National Bank, Liberty Savings Bank, MainSource Bank, National City Bank, PNC, and Wayne Savings Bank.

The total amount funded for SaveNOW in fiscal year 2009 was \$34,330,923.00 (not including July 2009 NCB funding).

## Energy Conservation for Ohioans (ECO-Link) Linked Deposit

After meetings with Treasury staff members and the McKinsey and Company Consulting Firm, Treasurer Boyce brainstormed an idea that would help Ohioans save money, reduce their energy costs, and help bolster the state's developing green economy.

ECO-Link is an innovative Linked Deposit program designed to help Ohioans receive reduced-rate financing when making energy efficient improvements to their homes. The program allows individuals to receive a three percent interest rate reduction on five-year bank loans when completing weatherization projects or installing

Energy Star-rated products in their homes. ECO-Link helps homeowners realize the savings from lower utility bills, reduced-rate financing, and federal tax credits, while at the same time creating well-paying jobs for Ohioans and reducing the state's carbon footprint.

The new program was launched at the Owens Corning world headquarters in Toledo in conjunction with partners Key Bank and Green Energy Ohio. Other partners such as home raters, statewide manufacturers and distributors, and green advocacy groups were on hand to support the new initiative.

With the initial allocation of \$50 million, the Treasury has set a goal for ECO-Link to reach 1,000 homeowners across the state and evolve into a permanent Department of Economic Development program.

*"GrowNOW is easy to access and not at all intimidating. You can weigh the benefits versus the minimal [paperwork] and it is an easy business decision."*

*Dr. Pius Kurian, part-owner of Midwest Dialysis Center of Urbana and GrowNOW recipient.*



# The Treasurer's 2009 Initiatives

## Agricultural Linked Deposit (Ag-LINK)

The Department of Economic Development's Ag-LINK program was once again highly successful during the 2009 application season. The program received 1,706 applications requesting over \$140.8 million from 82 of Ohio's 88 counties. In total, Ag-LINK funded \$123 million for 1,561 farmers raising crops, livestock, dairy, produce, trees, nurseries, and tobacco. Of these approved farmers, 230 were first-time applicants, and over 90 percent were full-time farmers.

## Empowering Constituents to Utilize State and Community Resources

The Department of Constituent Affairs, a part of the Treasury's Legislative Affairs Department, was created in fiscal year 2009. It serves all Ohioans needing assistance or resources on Treasury-related topics such as home foreclosure, unemployment, financial education, and economic development.

The department utilizes resources from across federal, state, and local government to help Ohioans with their questions and requests. Constituent Affairs responds quickly and compassionately to

all matters with which constituents may need assistance.

Over 760 constituents have called, faxed, mailed, and emailed the new department. The Treasury receives over 100 constituent requests per month.

Although the department may not be able to resolve every matter internally, our staff is committed to helping Ohioans find solutions to their questions, no matter what they may be.

## Empowering Ohioans through Financial Literacy: Smart Money Choices

For some time, the Treasury has maintained a commitment to provide financial education programs to Ohioans. In fiscal year 2009, the Treasury carried

on this tradition by launching its Smart Money Choices tour. This educational series consists of financial literacy programs, workshops, and conferences designed to provide Ohioans with the knowledge and resources to make confident and informed fiscal decisions.

The well-established Woman and Money program, which has served more than 25,000 women in the past eight years, continued in 2009. The Treasury also introduced financial education to target additional audiences:

- Hard Times to Hope
- The Changing Middle Class
- Military Outreach to Families
- Fiscally Fit Fathers
- Nuestro Dinero (Our Money)
- Fruitful Finances for Farmers




# The Treasurer's 2009 Initiatives

The Ohio Treasury's Smart Money Choices conferences empower Ohioans to utilize state and local resources to make better informed decisions about their personal finances.

KEVIN L. BOYCE  
OHIO TREASURER OF STATE

Treasurer Boyce's Smart Money Choices  
**Women & Money**



**FISCALLY FIT FATHERS:  
MEN BEHAVING DADLY**


(Themes adapted from article of same title written by Jill Koby published in August 2008 Chicago Magazine)

You're invited to Treasurer Boyce's Smart Money Choices  
**NUESTRO DINERO CARNIVALE (Our Money)**  
Finance, food, and family fun!



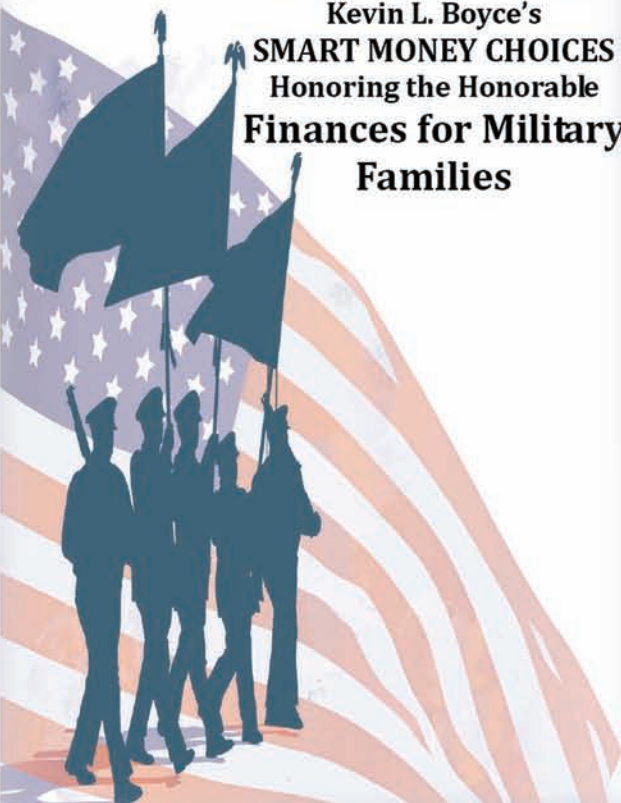
KEVIN L. BOYCE  
OHIO TREASURER OF STATE

Treasurer Boyce's Smart Money Choices  
**The Changing Middle Class**



Smart Money Choices:  
**HARD TIMES TO HOPE**

Ohio Treasurer of State  
Kevin L. Boyce's  
**SMART MONEY CHOICES**  
Honoring the Honorable  
**Finances for Military Families**



# The Treasurer's 2009 Initiatives



*The National Association of Securities Professionals 3rd Annual Distinguished Partner Award was presented to Treasurer Boyce for the financial literacy programs provided to Ohioans by the Ohio Treasury.*

The logic behind offering these educational programs is simple: when individuals and families make smarter financial decisions, our state and local economies become stronger and more stable.

All financial education programs are housed in the Treasury's Community Education and Engagement Department, whose mission is to provide the financial tools to build and sustain an economically strong Ohio; for individuals, families, and communities. These programs are supported by a number of sponsors and partners throughout the state.

## The 2010 Census

On April 8, 2009, Governor Ted Strickland signed an executive order creating the Ohio Complete Count Committee for the 2010 Census, and Treasurer Boyce was appointed to serve as committee chair. The Treasurer is excited about the opportunity and is committed to working with community stakeholders and elected officials to help educate Ohioans on the importance of the Census.

The Ohio Complete Count Committee is charged with three important goals:

1. Ensure a complete count through education and promotion;
2. Increase counts in hard-to-count areas; and
3. Increase mail-back rates of census materials, which will increase the accuracy of the count.

Census data directly impacts our infrastructure and neighborhood development across Ohio. The information collected during the 2010 Census will be used to distribute more than \$400 billion in federal funds to states and local communities. In addition, the data will help to determine Ohio's representation in the U.S. House of Representatives during the next decade.



# Statement of Assets for State Funds

## STATE FUNDS SUMMARY OF INVESTMENT ACTIVITY (STATED AT COST ON SETTLEMENT BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Investment Portfolio/Investment Category	Investment Portfolio Balance, 1-Jul-08	Purchases of Principal	Average Purchase Yield	Proceeds from		Investment Portfolio Balance, 30-Jun-09	Realized Income
				Sales, Calls & Paydowns	Maturities		
<b>Regular Account-CORE Portfolio:</b>							
Commercial Paper.....	\$ 25,635,049	\$ 49,999,306	0.51%	-	\$ 75,634,355	-	\$ 22,645
FFCB Debenture.....	9,960,800	25,000,000	3.51%	25,000,000	-	9,960,800	916,750
FFCB Discount Note.....		50,439,103	0.11%	223,978,281	50,439,103		897
FHLB Debenture.....	364,509,012	290,000,000	2.61%		528,918,566	430,530,731	15,103,085
FHLB Discount Note.....		528,918,566	0.29%				76,434
FHLMC Debenture.....	885,240,788	115,050,000	2.04%	825,259,688	-	175,031,100	34,053,438
FHLMC Discount Note.....		38,574,803	0.16%		38,574,803		6,197
FHLMC Medium Term Note.....	569,915,000	459,945,313	4.41%	734,868,125	-	294,992,188	28,188,000
FNMA Debenture.....	928,117,969	524,987,500	3.16%	1,015,117,969	-	437,987,500	34,683,960
FNMA Discount Note.....		326,093,802	0.13%		326,093,802		24,198
FNMA Medium Term Note.....		35,000,000	3.66%	25,000,000	-	10,000,000	618,819
Israel Bonds.....	38,000,000					38,000,000	1,130,911
Money Market Funds.....	132,195,526	640,309,272	1.60%	756,318,000	-	16,186,798	1,103,372
STAR Ohio Fund.....	50,521,311	467,546,511	1.08%	393,205,838	-	124,861,984	738,570
US Treasury Bill.....		49,995,139	0.13%		49,995,139		4,861
<b>Total Regular Account-CORE Portfolio</b>	<b>3,004,095,455</b>	<b>3,601,859,315</b>	<b>1.85%</b>	<b>3,998,747,901</b>	<b>1,069,655,768</b>	<b>1,537,551,101</b>	<b>116,672,137</b>
<b>Regular Account-Regular Portfolio:</b>							
Commercial Paper.....	1,008,166,699	5,787,245,996	1.17%	-	6,695,461,528	99,951,167	6,091,472
FFCB Adjustable Rate Bond.....	10,000,000	149,999,999	1.55%	120,719,448	34,280,551	5,000,000	803,812
FFCB Discount Note.....		631,854,769	0.15%		366,927,343	264,927,426	28,657
FHLB Discount Note.....	643,741,025	16,035,391,921	0.44%		15,272,725,945	1,406,407,001	6,523,055
FHLMC Discount Note.....	583,958,519	3,509,355,624	0.70%		3,558,772,817	534,541,326	7,084,183
FNMA Discount Note.....	149,406,403	3,596,325,072	0.65%		3,048,400,203	697,331,272	4,425,796
Money Market Funds - Cash Account.....	344,640,444	2,896,151,741	1.63%	3,005,033,578	-	235,758,607	3,598,041
Money Market Funds - Sweep Account.....	9,376,409	2,717,970,589	0.75%	2,697,654,009	-	29,692,989	287,010
Repurchase Agreement.....		233,700,000	0.34%		233,700,000		2,203
STAR Ohio Fund.....	50,092,404	635,620,803	0.94%	530,880,700	-	154,832,507	814,803
TVA Discount Note.....		44,344,641	0.15%	44,344,641	-		5,359
US Treasury Bill.....		299,964,667	0.30%		299,964,667		35,333
<b>Total Regular Account-Regular Portfolio</b>	<b>2,799,381,903</b>	<b>36,537,925,822</b>	<b>0.73%</b>	<b>6,398,632,376</b>	<b>29,510,233,054</b>	<b>3,428,442,295</b>	<b>29,699,724</b>

<b>Regular Account-Treasury Portfolio:</b>									
Commercial Paper.....	274,564,083	639,107,422	2.37%	-	913,671,506	(1)	1,637,494		
FFCB Discount Note.....	125,537,500	25,136,178	0.09%	-	25,136,178	-	1,823		
FHLB Debenture.....	27,969,480	-	--	-	49,868,500	75,669,000	6,631,500		
FHLB Discount Note.....	49,937,500	1,126,375,016	0.57%	49,937,500	1,154,344,497	(1)	542,503		
FHLMC Debenture.....			--				1,343,750		
FHLMC Discount Note.....		348,252,886	0.18%		348,252,886	-	45,114		
FNMA Discount Note.....		233,772,624	0.14%		233,772,624	-	23,376		
Interim Deposit.....		10,500,000	1.62%		10,500,000	-	42,986		
SPRJ - BidOhio.....	240,361,827	231,700,000	1.57%	-	217,200,000	14,500,000	893,809		
Money Market Funds.....	92,339,045	706,473,339	1.74%	917,514,000	-	29,321,166	1,941,912		
STAR Ohio Fund.....	676,054,883	728,135,135	0.98%	696,877,823	-	123,596,357	1,358,088		
U.S. Treasury Note.....		2,333,531,440	2.57%	2,705,023,042	95,120,703	209,442,578	28,973,971		
<b>Total Regular Account-Treasury Portfolio</b>	<b>1,486,764,318</b>	<b>6,382,984,040</b>	<b>3.93%</b>	<b>4,369,352,365</b>	<b>3,047,866,894</b>	<b>452,529,099</b>	<b>43,436,326</b>		
<b>Buckeye Tobacco Board of Regents Portfolio:</b>									
Commercial Paper.....	17,905,921	30,152,076	2.42%	-	48,057,997	-	68,003		
FHLB Debenture.....	-	345,000,000	2.32%	50,000,000	40,000,000	255,000,000	4,379,408		
FHLB Debenture (Int@mat).....		25,000,000	1.21%		25,000,000	-	106,715		
FHLMC Medium Term Note.....	50,000,000	100,000,000	3.32%	150,000,000	-	-	2,303,465		
FNMA Debenture.....	603,800,000	475,697,171	1.29%	377,800,000	-	226,000,000	20,797,479		
Money Market Funds.....	116,804,435	107,840,314	1.42%	93,048,327	-	1,010,619	672,699		
STAR Ohio Fund.....	257				-	14,792,244	150,334		
<b>Total Buckeye Tobacco BOR Portfolio</b>	<b>788,510,613</b>	<b>1,083,689,561</b>	<b>1.85%</b>	<b>1,262,339,314</b>	<b>113,057,997</b>	<b>496,802,863</b>	<b>28,478,103</b>		
<b>Buckeye Tobacco School Facilities Commission Portfolio:</b>									
Certificate of Deposit.....	60,095,500			-	60,095,500	-	2,651,895		
Commercial Paper.....	186,872,225	59,838,636	2.47%	-	246,710,861	-	507,139		
FHLB Debenture.....	186,000,000	1,562,210,000	2.26%	213,210,000	380,000,000	1,155,000,000	21,325,568		
FHLB Debenture (Int@mat).....		275,000,000	1.21%		275,000,000	-	1,173,868		
FHLMC Debenture.....		50,000,000	4.35%	50,000,000	-	-	1,087,500		
FNMA Debenture.....	2,898,000,000			1,942,000,000	-	956,000,000	95,090,918		
Money Market Funds.....	167,154,533	2,456,733,825	1.53%	2,505,277,374	-	118,610,984	2,032,783		
STAR Ohio Fund.....	231	208,421,922	1.57%	203,852,685	-	4,569,468	279,941		
Additional Income.....	-		--	-	-	-	-		
<b>Total Buckeye Tobacco SFC Portfolio</b>	<b>3,498,122,489</b>	<b>4,612,204,383</b>	<b>1.80%</b>	<b>4,914,340,059</b>	<b>961,806,361</b>	<b>2,234,180,452</b>	<b>124,149,612</b>		
<b>Site Development Fund Portfolio:</b>									
State & Local Government Securities Demand Deposit	25,906,478	138,358	--	10,075,077	-	15,969,759	138,358		
<b>Third Frontier Fund Portfolio:</b>									
State & Local Government Securities Demand Deposit	24,645,755	112,263	--	24,758,018	-	-	112,263		

Investment Portfolio/Investment Category	Investment Portfolio Balance, 1-Jul-08	Purchases of Principal	Average Purchase Yield	Proceeds from		Investment Portfolio Balance, 30-Jun-09	Realized Income
				Sales, Calls & Paydowns	Maturities		
<b>Investment Portfolio/Investment Category</b>							
<b>BidOhio and Linked Deposit Programs:</b>							
BidOhio Program.....	300,000,000	432,300,000	1.77%	-	593,200,000	139,100,000	7,204,893
Agricultural Linked Deposit Program:							
FFCB Adjustable Rate Bond.....	70,000,000	120,719,448	0.02%	69,999,999	45,719,449	75,000,000	9,880
Fixed Line of Credit.....		52,931,998	0.02%	105,000		52,826,998	4
Agricultural Linked Deposit Coupon Payment.....	55,291,888	4,695,012	0.02%	2,767,090	52,524,798	4,695,012	10,680
Small Business Linked Deposit Program...	179,202,680	254,626,928	0.14%	38,190,628	13,120,310	382,518,670	867,926
Housing Linked Deposit Program.....	3,066,687	6,414	0.15%	628,604	-	2,444,497	28,268
Save Now.....	6,000,000	24,330,923	1.30%	6,000,000		24,330,923	74,964
Interim Deposit.....	-	-	--	111,332	-	-	111,332
Additional Income.....	-	-	--	-	-	-	-
<b>Total BidOhio and Linked Deposit Programs</b>	<b>613,561,255</b>	<b>889,610,723</b>	<b>2.28%</b>	<b>117,802,653</b>	<b>704,564,557</b>	<b>680,916,100</b>	<b>8,307,947</b>
<b>Ohio Lottery Structured Investment Portfolio:</b>							
Fed Judiciary.....	2,755,804	-	--	1,561,444	-	1,194,360	1,395,556
FFCB Medium Term Note.....	2,110,279	-	--	-	-	2,110,279	121,262
FHLB Debenture.....	6,479,231	-	--	4,571,055	-	1,908,176	139,433
FHLMC Debenture.....	130,758,593	-	--	7,698,423	-	123,060,170	6,376,752
FHLMC Strip.....	42,777,745	-	--	713,456	-	42,064,289	100,544
FICO Strip.....	4,588,678	-	--	466,020	-	4,122,658	190,980
FNMA Debenture.....	129,988,659	-	--	1,556,120	-	92,011,087	6,733,609
FNMA Medium Term Note.....	8,494,026	-	--	-	-	8,494,026	518,624
FNMA Strip.....	70,443,428	-	--	1,353,568	-	69,089,860	1,411,936
Israel Bonds (ACT/365).....	12,090,192	3,000,000	2.91%	-	136,403	3,000,000	104,102
Ref Corp Strip.....	7,224,090	165,418,307	1.60%	484,608	-	11,469,181	123,045
STAR Ohio.....	45,104,207	-	--	171,081,000	-	1,561,397	2,246,355
TVA Debenture.....	47,890,428	-	--	-	8,620,542	36,483,665	4,992,281
TVA Strip.....	22,220,445	13,331,996	2.82%	1,781,480	1,723,219	41,697,509	104,781
U.S. Treasury Strip							
<b>Total Ohio Lottery Structured Investment Portfolio.....</b>	<b>532,925,805</b>	<b>181,750,303</b>	<b>1.72%</b>	<b>191,267,174</b>	<b>51,313,055</b>	<b>472,095,879</b>	<b>24,559,260</b>
<b>Ohio Lottery-Mega Millions Portfolio:</b>							
U.S. Treasury Strip.....	112,238,559	190,052,057	2.78%	180,987,815	7,385,280	113,917,521	2,120,955
<b>Total Ohio Lottery.....</b>	<b>112,238,559</b>	<b>190,052,057</b>	<b>2.78%</b>	<b>180,987,815</b>	<b>7,385,280</b>	<b>113,917,521</b>	<b>2,120,955</b>
Purchased Accrued Interest.....	12,886,152,630	\$53,480,326,825	1.04%	\$21,468,302,752	\$35,465,882,966	9,432,405,069	\$377,674,685
	1,090,844					73,641	
<b>TOTAL STATE FUNDS.....</b>	<b>\$12,887,243,474</b>					<b>\$9,432,478,710</b>	

# Statement of Receipts, Disbursements and Changes in Assets in State Funds

## STATE FUNDS

### STATEMENT OF ASSETS AS OF JUNE 30, 2009

#### CASH ON HAND AND OTHER ITEMS:

Cash on Hand .....	91,201
Returned Checks and Other Items .....	98,180
Receivable from Custodial Funds for Warrants Settled .....	5,027,406

**TOTAL CASH ON HAND AND OTHER ITEMS** ..... **5,216,787**

**ACTIVE DEPOSITS IN BANK** ..... **957,146**

#### INVESTMENT OF INTERIM FUNDS:

U.S. Government Securities (includes purchased accrued interest of \$61,141.31) ...	225,473,478
U.S. Agency Securities (includes purchased accrued interest of \$12,500.00) .....	7,009,390,843
Commercial Paper .....	99,951,167
Money Market Funds (including SaveNOW MMKT) .....	435,858,085
Certificates of Deposit:	
BidOhio Program .....	153,600,000
Agricultural Linked Deposit Program .....	57,522,010
Small Business Linked Deposit Program .....	382,518,670
Housing Linked Deposit Program .....	2,444,498
Save Now .....	19,054,000
STAR Ohio Investment Pool .....	422,652,561
Israel Bonds .....	38,000,000
Lottery Commission's Structured Investment Portfolio:	
U.S. Government Securities .....	147,746,741
U.S. Agency Securities .....	433,705,261
Israel Bonds .....	3,000,000
STAR Ohio Investment Pool .....	1,561,398

**TOTAL INVESTMENT OF INTERIM FUNDS** ..... **9,432,478,712**

9,438,652,645

Less: Net Receipts Unprocessed by State Agencies, but Invested by the Treasurer of State ..... (30,954,157)

**TOTAL STATE FUNDS, AS OF JUNE 30, 2009** ..... **9,407,698,488**

## STATE FUNDS

### STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN ASSETS FOR THE YEAR ENDED JUNE 30, 2009

**BEGINNING BALANCE, JULY 1, 2008** ..... **12,879,286,803**

Receipts .....	49,891,624,110
Disbursements .....	53,363,212,425

**TOTAL STATE FUNDS, AS OF JUNE 30, 2009** ..... **9,407,698,488**



# Custodial Funds – Statement of Investments

AGENCY/CUSTODIAL FUND	Investment Balance June 30, 2009 <i>(stated at market value)</i>
<b>Ohio Board of Regents</b>	
Academic Scholarship .....	\$1,705,463
<b>Ohio Building Authority</b>	
Administrative .....	35,957
<b>Ohio Bureau of Workers Compensation</b>	16,995,374,228
<b>Ohio Department of Development</b>	
Enterprise Bond Retirement 2A .....	22,765,454
Loan Guarantee .....	870,735
Volume Cap .....	9,753,128
<b>Ohio Department of Job and Family Services</b>	
Child Support Payment Central .....	6,549,034
Unemployment Compensation Program:	
Auxiliary Services Personnel Unemployment .....	7,152,948
Benefits .....	151,548
<b>Ohio Department of Natural Resources</b>	
Mine Subsidence Insurance .....	14,913,162
Lake Katherine Management .....	129,762
Reclamation .....	50,931
Wildlife Habitat .....	113,582
<b>Ohio Housing Finance Agency</b>	
Multi-Family Housing .....	3,514,505
Housing Development .....	20,820,652
<b>Ohio Lottery Commission</b>	
Lottery Gross Revenue .....	8,295,592
<b>Ohio Public Employees Deferred Compensation Board</b>	
Employer Receiving .....	503,041
<b>Ohio Public Utilities Commission</b>	
Wireless 9-1-1 Government Assistance .....	-
<b>Ohio State School for the Blind</b> .....	445,986
<b>Ohio Tobacco Prevention Use and Control Foundation</b> .....	258,532,745
<b>Ohio Tuition Trust Authority</b> .....	592,289,892

<b>AGENCY/CUSTODIAL FUND</b>	Investment Balance June 30, 2009 <i>(stated at market value)</i>
<b>Petroleum Underground Storage Tank Release Compensation Board</b>	
Financial Assurance .....	14,852,871
<b>Retirement Systems</b>	
Police and Fire Pension Fund .....	9,441,955,845
Public Employees Retirement System .....	60,619,462,607
School Employees Retirement System .....	8,372,469,693
State Highway Patrol Retirement System .....	558,898,833
State Teachers Retirement System .....	53,165,925,751
<b>Southern Ohio Agriculture and Community Development Foundation .....</b>	<b>28,067,579</b>
<b>Student Tuition Recovery Authority</b>	
Student Tuition Recovery .....	1,443,448
<b>Treasurer of State's Office</b>	
Cultural Facilities Commission Bond .....	26
Economic Development Bond Service .....	15,290,662
Higher Education Bond Service .....	37,011
Mental Health Bond Service .....	53,373
Parks and Recreation Bond Service .....	20,268
Revitalization Projects Bond Service .....	8,259,736
Torrens Law Assurance .....	1,454,156
Treasurer of State's Bond Clearance .....	187,510
Treasurer of State's Contingency Fund .....	30,500,709
<b>TOTAL .....</b>	<b>\$150,202,848,423</b>

*The notes to the financial statements are an integral part of this financial statement.*

# Statement of Receipts, Disbursements and Net Cash Flows from Investment Transactions

For The Year Ended June 30, 2009

	Beginning Cash Balance July 1, 2008	Receipts	Disbursements	Net Cash Flows from Investment Sales/Maturities and (Purchases)	Net Change in Cash	Ending Cash Balance June 30, 2009
<b>AGENCY/CUSTODIAL FUND</b>						
<b>Attorney General's Office</b>						
Revenue Recovery.....	\$ 494,408	\$ 14,467,507	\$ ( 13,951,820)	\$ -	\$ 515,687	\$ 1,010,095
<b>Capitol Square Review and Advisory Board</b>						
Escrow.....	100	-	-	-	-	100
<b>Ohio Board of Regents</b>						
Academic Scholarship.....	50,000	7,951,943	(8,538,668)	586,725	-	50,000
Paul Douglas Teacher Scholarship.....	3,412	427	(3,412)	-	(2,985)	427
<b>Ohio Building Authority</b>						
Administrative.....	358,104	1,467,487	(1,509,055)	-	(41,568)	316,536
<b>Ohio Bureau of Workers Compensation</b>						
Coal Workers Pneumoconiosis.....	1,223	1,122,284	(5,036,059)	3,913,775	-	1,223
Disabled Workers Relief.....	3,059	4,592,216	(16,775,839)	12,183,624	1	3,060
Marine Industry.....	1,993	486,936	(282,040)	(204,896)	-	1,993
Public Workers Relief Employees' Compensation.....	2,241	136,877	(163,279)	26,402	-	2,241
State Insurance.....	862,618	2,260,389,603	(2,280,554,687)	19,991,879	(173,205)	689,413
Self-Insuring Employers.....	2,033	6,493,269	(9,235,299)	2,742,030	-	2,033
<b>Ohio Department of Development</b>						
Electronic Funds Payment.....	2,293	28,654,074	(28,628,456)	-	25,618	27,911
Enterprise Bond Retirement 2A.....	1,920,346	38,702,973	(44,324,712)	3,850,692	(1,771,047)	149,299
Loan Guarantee.....	546	140	(91)	-	49	595
Volume Cap.....	-	1,151,213	(975,963)	(112,500)	62,750	62,750
<b>Ohio Department of Job and Family Services</b>						
Child Support Payment Central.....	68,180,620	2,024,875,411	(2,043,940,168)	2,900,040	(16,164,717)	52,015,903
IRS Payments.....	-	49,160	(49,160)	-	-	-
Unemployment Compensation Program: Auxiliary Services Personnel Unemployment... Benefits.....	295,894 9,388,594	104,299 3,241,857,488	(1,500,000) (3,235,953,048)	1,205,000 5,639,121	(190,701) 11,543,561	105,193 20,932,155

	Beginning Cash Balance July 1, 2008	Receipts	Disbursements	Net Cash Flows from Investment Sales/Maturities and (Purchases)	Net Change in Cash	Ending Cash Balance June 30, 2009
<b>AGENCY/CUSTODIAL FUND</b>						
Clearing.....	831,674	1,104,522,668	(1,104,251,556)	-	271,112	1,102,786
Special Administrative.....	120,565	7,867,057	(7,903,005)	-	(35,948)	84,617
<b>Ohio Department of Natural Resources</b>						
Mine Subsidence Insurance.....	50,000	799,388	(841,267)	41,879	-	50,000
Lake Katherine Management.....	5,000	-	-	-	-	5,000
Reclamation.....	6,587	-	(1,579)	-	(1,579)	5,008
Wildlife Habitat.....	-	-	(8,955)	8,955	-	-
<b>Ohio Department of Taxation</b>						
Enforcement.....	5,957	1,251	(2,340)	-	(1,089)	4,868
<b>Ohio Department of Transportation</b>						
Letting Contracts.....	350,000	7,650,000	(7,000,000)	-	650,000	1,000,000
<b>Ohio Housing Finance Agency</b>						
Multi-Family Housing.....	1,065	-	(484,165)	484,165	-	1,065
Single Housing Family.....	1,200	96,218,285	(100,328,806)	4,110,521	-	1,200
<b>Ohio Lottery Commission</b>						
Lottery Gross Revenue.....	1,245,777	1,357,221,198	(1,336,889,904)	1,114,128	21,445,422	22,691,199
<b>Ohio Public Employees Deferred Compensation Board</b>						
Employer Receiving.....	2,227,087	927,529,304	(927,557,342)	323,291	295,253	2,522,340
<b>Ohio Public Utilities Commission</b>						
Wireless 9-1-1 Government Assistance.....	763,349	31,256,845	(31,269,496)	243,411	230,760	994,109
<b>Ohio Retirement Study Commission.....</b>						
	171,831	612,213	(571,620)	-	40,593	212,424
<b>Ohio State School for the Blind.....</b>						
	4,440	-	-	-	-	4,440
<b>Ohio State School for the Deaf.....</b>						
	911	4,110	(4,091)	-	19	930
<b>Ohio Supreme Court</b>						
Attorney Registration.....	118,790	3,501,553	(3,270,829)	-	230,724	349,514

	Beginning Cash Balance July 1, 2008	Receipts	Disbursements	Net Cash Flows from Investment Sales/Maturities and (Purchases)	Net Change in Cash	Ending Cash Balance June 30, 2009
<b>AGENCY/CUSTODIAL FUND</b>						
Ohio Tobacco Prevention Use and Control Foundation.....	20,412	169,588	(6,155,086)	5,977,177	(8,321)	12,091
Ohio Tuition Trust Authority						
Suspense.....	381	159,485,041	(160,131,692)	646,402	(249)	132
Trust.....	-	44,812,907	(126,075,330)	81,262,423	-	-
Trust Reserve.....	-	-	(895,338)	895,338	-	-
Ohio Workers Compensation Council.....	-	475,065	(146,779)	-	328,286	328,286
<b>Petroleum Underground Storage Tank Release Compensation Board</b>						
Financial Assurance.....	2,181,796	15,457,153	(21,743,587)	5,879,914	(406,520)	1,775,276
<b>Retirement Systems</b>						
Police and Firemen's Disability and Pension Fund	14,724,226	660,622,170	(917,040,161)	256,997,160	579,169	15,303,395
Public Employees Retirement System.....	28,671,151	3,429,041,442	(5,159,234,250)	1,728,232,000	(1,960,808)	26,710,343
Public Employees Retirement System Escrow	22,672	148,769	(130,231)	-	18,538	41,210
School Employees Retirement System (SERS)	282,631	752,271,373	(923,773,212)	171,355,682	(146,157)	136,474
State Highway Patrol Retirement System.....	13,918,986	62,943,299	(59,033,652)	(804,795)	3,104,852	17,023,838
State Teachers Retirement System.....	3,078,881	3,057,734,370	(7,226,836,183)	4,175,010,724	5,908,911	8,987,792
<b>Southern Ohio Agriculture and Community Development Foundation...</b>	639,964	8,071,833	(6,807,752)	(900,000)	364,081	1,004,045
<b>Student Tuition Recovery Authority</b>						
Student Tuition Recovery.....	83,598	74,055	(17,748)	(59,905)	(3,598)	80,000
<b>Treasurer of State's Office, including Sinking Fund Commission</b>						
Capital Improvements Bond Retirement.....	678	-	-	-	-	678
Conservancy District Bond Clearing.....	27,401	-	-	-	-	27,401
Cultural Facilities Commission Bond.....	16,424	62,652,916	(62,619,402)	-	33,514	49,938
Development Bond Retirement.....	237,515	-	-	-	-	237,515
Economic Development Bond Service.....	100	82,014,608	(80,108,358)	(1,777,008)	129,242	129,342
Elementary and Secondary School Bond Service	-	-	(43,465)	43,465	-	-
Higher Education Bond Service.....	8,042	135,981,962	(135,997,786)	7,782	(8,042)	-
Highway Improvement Bond Retirement.....	55,288	-	-	-	-	55,288
Highway Obligations Bond Retirement.....	169,997	-	-	-	-	169,997
Improvement Bond Retirement.....	130,255	-	-	-	-	130,255

	Beginning Cash Balance July 1, 2008	Receipts	Disbursements	Net Cash Flows from Investment Sales/Maturities and Purchases)	Net Change in Cash	Ending Cash Balance June 30, 2009
<b>AGENCY/CUSTODIAL FUND</b>						
Korean Conflict Bond Retirement.....	435	-	-	-	-	435
Major Thoroughfare Bond Retirement.....	7,701	-	-	-	-	7,701
Mental Health Bond Service.....	38,300	70,396,601	(70,397,198)	(37,526)	(38,123)	177
Parks and Recreation Bond Service.....	9,467	52,845,265	(52,837,206)	(17,426)	(9,367)	100
Public Improvements Bond Retirement.....	148,808	-	-	-	-	148,808
Revitalization Projects Bond Service.....	100	14,865,367	(15,232,145)	366,778	-	100
Torrrens Law Assurance.....	26,158	-	-	-	-	26,158
Treasurer of State's Bond Clearance.....	14,000	1,808,618,310	(1,808,240,237)	(130,709)	247,364	261,364
Treasurer of State's Contingent Fund.....	656,573	316,644,677	(313,312,343)	(3,991,105)	(658,771)	(2,198)
Vietnam Conflict Bond Retirement.....	28,353	-	-	-	-	28,353
World War II Compensation Bond Retirement.....	240	-	-	-	-	240
<b>TOTAL</b>	<b>\$ 152,672,250</b>	<b>\$ 21,905,013,950</b>	<b>\$ (28,358,615,852)</b>	<b>\$ 6,478,004,613</b>	<b>\$ 24,402,711</b>	<b>\$ 177,074,961</b>

# Notes to the Financial Statements

## INTRODUCTION

The Office of the Treasurer of State was established under Section 113, Ohio Revised Code, for the custodianship of public monies belonging to the State of Ohio. The Treasurer's Office collects and processes certain taxes, fees, and licenses, and it processes certain tax refunds. The Treasurer also calculates and verifies the payment of all warrants presented by the banks for cash settlement, manages the State's investment portfolio, and acts as the custodian and safekeeping agent for the State of Ohio's deposits and investments, including those of the various state agencies that administer custodial funds. Additionally, the Treasurer of State administers the internal operations of the Office, which receives appropriated funding from the Ohio General Assembly.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Financial Reporting Entity

In accordance with the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, the Treasurer of State's Office is considered to be a part of the State of Ohio's primary government, and in turn, the State's financial reporting entity. Therefore, the bal-

ances and activity reported within this report will be consolidated in the Ohio Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2009, which later will be compiled and published by the Ohio Office of Budget and Management.

*State Funds* — State funds are comprised of the State's cash and investment pool, the equity in which is allocated to the budgetary funds appropriated to the state agencies, as reported in the State's accounting system, the Ohio Administrative Knowledge System (OAKS). Balances and activity of state funds is presented in the Statement of Assets and the Statement of Receipts, Disbursements, and Changes in Assets.

*Custodial Funds* — The Treasurer of State is designated under the Ohio Revised Code as custodian for the deposits and investments of certain state agencies, and in some cases, other governmental entities. Cash balances and activity of the custodial funds are presented in the Statement of Receipts, Disbursements, and Net Cash Flows from Investment Transactions and investments held in custody by the Treasurer of State are presented in the Statement of Investments, respectively.

### B. Basis of Accounting

Balances and activity of state funds are reported using the cash basis of accounting. The Statement of Receipts, Disbursements, and Net Cash Flows from Investment Transactions presented for the custodial funds was also prepared on the cash basis of accounting.

For state funds, the Treasurer's policy is to record receipts when pay-in documents have been received from the state agencies and processed by the Treasurer of State's Cashiers Department. Disbursements are recorded when warrants are presented for payment or when the Treasurer processes electronic fund transfers.

### C. Fund Accounting

In order to observe the restrictions placed on resources and expenditures of funds, the Treasurer of State's Office follows the principles of fund accounting. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Individual funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

### 1. State Funds

Chapter 131 of the Ohio Revised Code broadly outlines the

# Notes to the Financial Statements

establishment and governance of state funds. The Treasurer of State invests state funds in compliance with the Uniform Depository Act, as set for in Chapter 135 of the Ohio Revised Code. Legal provisions for investments are further discussed in Note 3.

Investment balances are reported on the settlement basis at cost, which includes purchased accrued interest as may be applicable.

## 2. Custodial Funds

Custodial funds are established under specific citations of the Ohio Revised Code that designate the Treasurer of State as custodian of the respective fund. Custodial investment balances are reported at market value on the settlement basis.

## NOTE 2 RECEIVABLE FROM CUSTODIAL FUNDS

The \$5,027,406 receivable from the custodial funds, as reported on the Statement of Assets for state funds, represents the balance due as reimbursement from the custodial funds for the cost of their warrants claimed by presenting banks and paid from the State's bank account on June 30, 2009. The custodial funds reimbursed state funds for this balance on July 1, 2009.

## NOTE 3 DEPOSITS AND INVESTMENTS-STATE FUNDS

### *Legal Requirements*

The deposit and investment policies of the Treasurer of State and the State Board of Deposit are governed by the Uniform Depository Act (Chapter 135 of the Ohio Revised Code), which requires that monies held by the State be maintained in one of the following three classifications:

### *Active Deposits*

Active deposits are comprised of monies required to be kept in a cash or near-cash status to meet current demands. Active deposits must be maintained either as cash in the state treasury or in any of the following:

- A commercial account that is payable or withdrawable, in whole or in part, on demand;
- A negotiable order of withdrawal account;
- A money market deposit account; or
- A designated warrant clearance account.

Key Bank is the State's main depository bank where active deposits are held.

### *Interim Deposits*

Interim deposits are not required for immediate use, but may be needed before the end of the current period of designation of depositories. Interim deposits

may be deposited or invested in the following instruments:

- U.S. Treasury bills, notes, bonds, or any other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
- Bonds and other direct obligations of the State of Ohio issued by the Treasurer of State and of the Ohio Public Facilities Commission, the Ohio Building Authority, and the Ohio Housing Finance Agency;
- Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank or any recognized U.S. government securities dealer. Repurchase agreements must be secured by obligations of or guaranteed by a federal agency or instrumentality, or by commercial paper issued by any corporation under the laws of the United States or a state, which notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies;



# Notes to the Financial Statements

- 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 U.S. government securities dealer;
- Various forms of commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, which notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies, provided that the total amount invested under this section in any commercial paper at any time shall not exceed 25 percent of the State's total average portfolio;
- Bankers acceptances, maturing in 270 days or less, which are eligible for purchase by the Federal Reserve System, provided that the total amount invested in bankers acceptances at any time shall not exceed 10 percent of the State's total average portfolio;
- Certificates of deposit in eligible institutions applying for interim moneys, including linked deposits, agricultural linked deposits, and housing linked deposits;
- The State Treasurer's investment pool known as the State Treasury Asset Reserve (STAR) Ohio Fund;
- Debt interests, other than commercial paper, rated at the time of purchase in the three highest categories by two nationally recognized rating agencies and issued by corporations that are incorporated under the U.S. laws or a state, or issued by foreign nations diplomatically recognized by the U.S. government, or any instrument based on, derived from, or related to such interests, provided that the total amount so invested shall not exceed in the aggregate 25 percent of the State's total average portfolio. The investments in debt interests issued by foreign nations shall not exceed in the aggregate one per-cent of the State's total average portfolio. The investments made in the debt interests of a single issuer shall not exceed in the aggregate .5 percent of the State's total average portfolio;
- No-load money market mutual funds consisting exclusively of obligations of the United States, federal government agency, or commercial paper, as described above, and repurchase agreements secured by such obligations; and
- Obligations of a board of education issued under the authority of the Ohio Revised Code.

### *Inactive Deposits*

Inactive deposits are statutorily defined under Chapter 135,

Ohio Revised Code as public deposits other than interim deposits or active deposits. As of June 30, 2009, the state treasury had no inactive deposits to report.

### **Deposits**

As of June 30, 2009, deposits, including active deposits and certificates of deposit accounts, were not exposed to custodial credit risk, since the accounts were held in insured depositories approved by the State Board of Deposit and were fully collateralized. The financial institutions holding state deposits collateralize accounts for balances in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC), as required by Section 135.18, Ohio Revised Code. The Treasurer of State requires each depository institution to pledge either a surety bond or securities with a market value of at least 100 percent to 102 percent of the total value of the public monies that are on deposit at the financial institution. Any pledged securities are held by the Federal Reserve, the Federal Home Loan Bank, or an insured financial institution serving as agent of the Treasurer.

Certificates of deposit totaling \$615,139,178 comprise holdings, in part for the Buckeye Tobacco Settlement Financing Authority-School Facilities Portfolio and for the BidOhio, Agricultural Linked Deposit, Small Business Linked Deposit, Housing Linked Deposit programs and Save Now pro-

# Notes to the Financial Statements

gram. Additionally, as part of the portfolio of the Agricultural Linked Deposit Program, the Treasurer holds a \$75 million Federal Farm Credit Banks ad-

justable rate bond, which has been included under U.S. Agency Securities on the Statement of Assets for state funds.

## **Investments**

Carrying and market values of investments held, as of June 30, 2009, are detailed below.

	<u>Carrying Value</u>	<u>Market Value</u>
U.S. Government Securities .....	\$ 225,473,478	\$ 229,805,808
U.S. Agency Securities .....	7,009,390,843	7,058,764,589
Commercial Paper .....	99,951,167	99,951,167
STAR Ohio Investment Pool .....	422,652,561	422,652,561
Money Market Funds .....	435,858,085	435,858,085
Israel Bonds .....	38,000,000	38,000,000
Lottery Commission's Structured Investment Portfolio:		
U.S. Government Securities .....	147,746,741	158,982,180
U.S. Agency Securities .....	433,705,261	589,591,673
STAR Ohio Investment Pool .....	1,561,398	1,561,398
Israel Bonds .....	3,000,000	3,000,000
Total Investments-State Funds, as of June 30, 2009	<u>\$ 8,817,339,534</u>	<u>\$ 9,038,167,461</u>

The carrying values reported above for U.S. Government Securities and U.S. Agency Securities include purchased accrued interest in the amount of \$61,141 and \$12,500, respectively. Investments, as of June 30, 2009, were not exposed to custodial credit risk, since they were held by the Treasurer of State's agent in the State's name, or they were not by their nature subject to custodial credit risk.

## **Securities Lending**

During fiscal year 2009, the Treasurer of State participated in securities lending programs, pursuant to Section 135.143, Ohio Revised Code, for securities included in the state funds' portfolio. A securities lending agent administers each lending program, whereby certain securities are transferred to an independent broker/dealer (borrower) in exchange for collateral equal to no less than 102 percent of the market

value of the lent securities at the time of lending and at least equal to the market value of the lent securities thereafter.

The Treasurer minimizes exposure to credit risk due to borrower by requiring the securities lending agent to determine daily that collateral requirements are met. During fiscal year 2009, the Treasurer of State did not experience any losses due

to credit or market risk on securities lending activity.

As permitted under state law, the Treasurer of State's Office uses the income earned from securities lending to fund its operations in part.

## NOTE 4 STAR OHIO FUND

As of June 30, 2009, the Treasurer of State reported \$845.3 million invested in the STAR Ohio Fund for the following state and custodial funds:

<b>State Funds:</b>	<u><b>Invested Balance</b></u>
State Investment Portfolio .....	\$422,652,561
Ohio Lottery Commission-Structured Investments Portfolio .....	1,561,398
	<hr/>
Total- State Funds .....	424,213,959
	<hr/>
<b>Custodial Funds:</b>	
Ohio Board of Regents-Academic Scholarship .....	1,705,463
Ohio Building Authority .....	35,957
Ohio Department of Development:	
Ohio Enterprise Bond .....	22,765,454
Loan Guarantee .....	870,735
Volume Cap .....	9,753,128
Ohio Department of Job and Family Services:	
Child Support Payment Central .....	6,549,034
Auxiliary Services Personnel Unemployment .....	7,152,948
Unemployment Benefits .....	151,548
Ohio Department of Natural Resources:	
Mine Subsidence Insurance .....	14,913,161
Lake Katherine Management .....	129,762
Reclamation .....	50,931
Wildlife Habitat .....	113,582
Ohio Housing Finance Agency:	
Housing Development .....	20,820,652
Multi-Family Housing .....	3,514,505
Ohio Lottery Commission-Gross Revenue .....	8,001,471
Ohio Public Utilities Commission-Wireless 9-1-1 Government Assistance .....	0
Ohio State School for the Blind .....	445,986
Petroleum Underground Storage Tank Release Compensation Board .....	14,852,871
Southern Ohio Agriculture and Community Development Foundation .....	9,456,123
Student Tuition Recovery Authority .....	1,443,448
Tobacco Use Control and Prevention Foundation .....	258,532,745
Treasurer of State's Office, including the Sinking Fund Commission:	
Economic Development Bond Service .....	15,290,662
Revitalization Projects Bond Service .....	8,259,736
Treasurer of State's Bond Clearance .....	187,510
Cultural Facilities Bond Service .....	26
Elementary and Secondary School Bond Service .....	0
Higher Education Bond Service .....	37,011
Mental Health Bond Service .....	53,373
Parks and Recreation Bond Service .....	20,268
Torrens Law Assurance .....	1,454,156
Treasurer of State's Custodial Contingency Fund .....	14,589,261
	<hr/>
Total-Custodial Funds	421,151,507
	<hr/>
Total STAR Ohio Investments-State & Custodial Funds, as of June 30, 2009	\$845,365,466
	<hr/> <hr/>

# Notes to the Financial Statements

## **NOTE 5 NET RECEIPTS UNPROCESSED BY STATE AGENCIES**

The \$30.9 million adjustment reported on the Statement of Assets presented for state funds, as of June 30, 2009, represents the amount of receipts collected and credited to the State's bank account, but for which the state agencies had not yet presented pay-in documents to the Treasurer's Cashiers Department for processing. Consequently, the collections had not been recorded as revenue transactions in the

State's Ohio Administrative Accounting System, as of June 30, 2009. While pending their recording in the OAKS, however, the Treasurer of State had invested the receipts collected.

## **NOTE 6 CIGARETTE TAX STAMPS**

As provided in Section 5743.05, Ohio Revised Code, the Treasurer of State has custody of and sells cigarette excise tax stamps. Vendors purchase the stamps, which are required to be affixed to each package of cigarettes

sold in Ohio. As of June 30, 2009, the gross value of the inventory of cigarette stamps on hand with the Treasurer of State was \$175,433,354 while the value of the stamps net of the wholesale discount was \$169,117,753.

# Summary of Realized Income for State Funds

MONTH	AVG-PURCH YIELD	MONTH END COST BALANCE
Jul-08	2.6180%	\$12,655,218,411.76
Aug-08	2.4370%	\$11,748,481,302.01
Sep-08	2.1000%	\$11,361,008,415.36
Oct-08	1.0860%	\$10,939,416,944.50
Nov-08	1.3590%	\$10,751,845,396.71
Dec-08	0.6920%	\$10,725,892,218.86
Jan-09	0.4450%	\$10,722,061,101.73
Feb-09	0.4380%	\$10,391,953,254.43
Mar-09	0.3280%	\$10,132,776,879.70
Apr-09	0.3480%	\$10,378,598,741.34
May-09	0.3080%	\$9,842,030,708.89
Jun-09	0.1800%	\$9,432,478,712.42
<b>FY09 AVG/TOTAL</b>	<b>1.0283%</b>	<b>\$10,756,813,507.31</b>

REGULAR ACCOUNT			BUCKEYE	TOBACCO	BANK INITIATIVES	TOTAL
Investments	Sweep Acct	Securities Lending	Investments	Securities Lending		
\$14,364,861.70	\$39,766.39	\$669,454.40	\$1,061,286.84	\$470,662.68	\$1,012,959.74	\$17,618,991.75
\$16,960,755.05	\$27,771.58	\$820,888.14	\$21,158,745.56	\$501,292.70	\$741,582.53	\$40,211,035.56
\$33,251,489.40	\$78,954.88	\$887,036.97	\$9,059,055.40	\$357,599.75	\$749,422.56	\$44,383,558.96
\$14,424,549.86	\$4,774.59	\$930,614.48	\$95,028.98	\$1,037,738.80	\$588,593.03	\$17,081,299.74
\$21,835,192.89	\$22,672.71	\$2,251,102.90	\$66,777,334.74	\$725,483.09	\$641,518.29	\$92,253,304.62
\$21,519,538.56	\$13,177.74	\$1,980,188.93	\$2,693,759.18	\$485,204.75	\$649,569.98	\$27,341,439.14
\$13,664,651.66	\$10,328.70	\$1,544,823.17	\$1,635,306.24	\$393,479.07	\$838,495.77	\$18,087,084.61
\$11,503,859.34	\$5,143.36	\$953,371.81	\$6,191,943.79	\$292,339.73	\$695,947.65	\$19,642,605.68
\$17,265,822.46	\$4,550.14	\$483,875.00	\$3,930,426.55	\$359,012.10	\$647,134.64	\$22,690,820.89
\$5,341,411.23	\$5,149.64	\$545,841.63	\$38,246.75	\$316,967.91	\$688,186.84	\$6,935,804.00
\$11,203,419.17	\$4,827.93	\$526,353.22	\$35,645,026.76	\$245,042.48	\$630,173.07	\$48,254,842.63
\$8,723,255.59	\$5,053.69	\$492,159.46	\$4,341,556.18	\$153,382.13	\$424,363.56	\$14,139,770.61
<b>\$190,058,806.91</b>	<b>\$222,171.35</b>	<b>\$12,085,710.11</b>	<b>\$152,627,716.97</b>	<b>\$5,338,205.19</b>	<b>\$8,307,947.66</b>	<b>\$368,640,558.19</b>

STRUCTURED	ACCOUNT	TOTAL	GRAND TOTAL
Investments	Securities Lending		
\$2,264,473.97	\$34,939.79	\$2,299,413.76	\$19,918,405.51
\$647,732.59	\$51,825.36	\$699,557.95	\$40,910,593.51
\$1,695,661.17	\$50,473.48	\$1,746,134.65	\$46,129,693.61
\$1,591,174.88	\$49,414.13	\$1,640,589.01	\$18,721,888.75
\$944,287.75	\$173,468.23	\$1,117,755.98	\$93,371,060.60
\$4,953,678.20	\$149,576.97	\$5,103,255.17	\$32,444,694.31
\$5,394,382.79	\$96,742.23	\$5,491,125.02	\$23,578,209.63
\$4,081,131.55	\$44,873.39	\$4,126,004.94	\$23,768,610.62
\$1,375,863.14	\$18,371.94	\$1,394,235.08	\$24,085,055.97
\$1,410,351.06	\$25,111.02	\$1,435,462.08	\$8,371,266.08
\$2,324,027.71	\$22,669.62	\$2,346,697.33	\$50,601,539.96
(\$2,550.37)	\$17,238.84	\$14,688.47	\$14,154,459.08
<b>\$26,680,214.44</b>	<b>\$734,705.00</b>	<b>\$27,414,919.44</b>	<b>\$396,055,477.63</b>

Month Ended June, 2009 (Unaudited)

# Revenue Management Collections

## Deposits By Fee Type Between Jul 1, 2008 And Jun 30, 2009

Fee Type	Monetary Amount
Child Abuse .....	\$3,438,837.57
Child Restraint .....	\$196,205.64
Cigarette .....	\$906,337,299.33
Cigarette Enforcement .....	\$45,991.15
Commercial Activity Tax .....	\$493,129,950.00
Conscience Fund .....	\$21,236.43
Corporate Franchise Tax .....	\$430,368,253.63
Dealers In Intangibles .....	\$38,420,164.73
Estate Tax .....	\$64,278,548.22
Expungements .....	\$328,824.07
Family Violence Prevention .....	\$1,790,487.09
Highway Patrol .....	\$12,407,439.00
Housing Trust .....	\$39,578,628.30
Ifta .....	\$20,263,054.22
Indigent Defense Support Fund .....	\$4,676,539.48
Indigent Driver Alcohol Treatment Fund .....	\$1,164,081.72
Insurance Companies .....	\$425,013,142.57
Iolta .....	\$6,927,507.63
Kilowatt Tax .....	\$487,844,619.89
Legal Aid .....	\$16,541,309.91
Liquor Control .....	\$712,997.13
Mcf .....	\$7,863,573.00
Motor Vehicle Fuel Tax .....	\$1,689,198,195.91
Motor Vehicle Sales Tax .....	\$1,046,373,338.70
Municipal Income Tax .....	\$28,139,551.79
Non-Resident Mv Sales Tax .....	\$23,068,529.08
Ohio Putative Fathers Registry .....	\$126,561.29
Public Defender .....	\$24,595,566.26
Public Utilities .....	\$184,425,554.31
Sales Tax .....	\$4,131,420,775.40
Seat Belts .....	\$4,842,722.07
State Highway Safety Fund .....	\$46,081.12
Surplus Lines .....	\$31,531,020.52
Victims Of Crime .....	\$15,579,325.15
Watercraft Sales Tax .....	\$11,595,020.72
Withholding Tax .....	\$5,470,264,564.14
<b>Summary</b>	<b>15,622,555,497.17</b>

# Statement of Additional Securities Held in Trust

## Statement of Additional Securities

Held in Trust\*

As of June 30, 2009

Under the provisions of the citations stated below, the Treasurer of State is the trustee for securities pledged for various purposes. This statement reports the amount held in trust as of June 30, 2008. These deposits are not reported in either the Statement of Receipts and Disbursements of State Funds or Custodial Funds.

Abandoned Service Stations (Sec. 3791.11 [D] O.R.C.)	900,000.00
Bureau of Motor Vehicles - Public Safety & Safety Responsibility (Sec. 4509.62 O.R.C.)	180,000.00
Bureau of Workers' Compensation - Self Insured (Sec. 4123.35 O.R.C.)	-
Bureau of Workers' Compensation - Other	-
Department of Commerce - Superintendent of Financial Institutions (Sec. 1111.04 O.R.C.)	9,385,000.00
Department of Insurance - Insurance Company Legal Reserve (Sec. 3903.73 O.R.C.)	250,000.00
Department of Insurance - Title Guaranty and Trust Company (Sec. 3903.73 O.R.C.)	137,231.82
Department of Jobs and Family Services - Bureau of Employment Services (Sec. 4141.241 O.R.C.)	6,489,740.23
Department of Taxation - Motor Vehicle Liquid Fuel (Sec. 5735.03 O.R.C.)	-
Department of Natural Resources:	
Division of Forestry (Sec. 1503.05 O.R.C.)	185,582.00
Division of Water (Sec. 1521.061 O.R.C.)	609,200.37
Division of Parks and Recreation (Sec. 1501.10 O.R.C.)	4,217,500.00
Mineral Resources (Sec. 1509.07, 1513.08, 1514.04 O.R.C.)	13,527,315.30
Mental Retardation & Developmental Disabilities - Office of Support (Sec. 5121.04 O.R.C.)	277,745.50
<b>Total:</b>	<b>\$36,159,315.22</b>

\*Unaudited

# Approved Linked Deposit Activity

County Total in Fiscal Year 2009	Ag-Link	SaveNOW*	SB Link GrowNOW	Renew Ohio SB**	Renew Ohio Housing**	Renew Ohio Farms**	Total Per County
Adams	\$1,135,096		\$800,000				\$1,935,096
Allen	\$3,129,000		\$4,508,048	\$631,179	\$343,241	\$805,126	\$9,416,594
Ashland	\$780,000		\$1,217,422				\$1,997,422
Ashtabula	\$250,000		\$136,000				\$386,000
Athens	\$50,000		\$175,190				\$225,190
Auglaize	\$2,444,375		\$1,046,801			\$71,557	\$3,562,733
Belmont	\$99,000		\$2,316,767				\$2,415,767
Brown	\$3,041,337		\$0				\$3,041,337
Butler	\$316,410		\$1,553,180				\$1,869,590
Carroll	\$60,000		\$1,538,884				\$1,598,884
Champaign	\$1,710,810		\$1,121,604				\$2,832,414
Clark	\$3,021,150		\$630,462				\$3,651,612
Clermont	\$1,135,000		\$1,072,000				\$2,207,000
Clinton	\$2,195,410		\$342,060				\$2,537,470
Columbiana	\$379,950		\$2,046,596				\$2,426,546
Coshocton	\$426,441		\$1,485,700				\$1,912,141
Crawford	\$1,263,500		\$2,962,081				\$4,225,581
Cuyahoga	\$0		\$20,974,351				\$20,974,351
Darke	\$4,249,572		\$1,240,000				\$5,489,572
Defiance	\$3,646,562		\$3,588,197	\$72,939			\$7,307,698
Delaware	\$240,000		\$2,111,972				\$2,351,972
Erie	\$245,000		\$2,375,571				\$2,620,571
Fairfield	\$1,765,100		\$3,123,750				\$4,888,850
Fayette	\$2,802,720		\$590,000				\$3,392,720
Franklin	\$485,000		\$20,125,309				\$20,610,309
Fulton	\$1,512,650		\$1,515,220				\$3,027,870
Gallia	\$55,000		\$84,134				\$139,134
Geauga	\$100,000		\$2,210,668				\$2,310,668
Greene	\$1,906,000		\$0				\$1,906,000
Guernsey	\$90,000		\$2,095,435				\$2,185,435



County Total in Fiscal Year 2009	Ag-Link	SaveNOW*	SB Link GrowNOW	Renew Ohio SB**	Renew Ohio Housing**	Renew Ohio Farms**	Total Per County
Hamilton	\$100,000		\$5,314,848				\$5,414,848
Hancock	\$2,889,000		\$3,711,011	\$6,706,966	\$1,500,175	\$229,612	\$15,036,764
Hardin	\$3,233,775		\$1,316,950			\$665,559	\$5,216,284
Harrison	\$100,000		\$215,311				\$315,311
Henry	\$1,920,802		\$2,539,858				\$4,460,660
Highland	\$798,790		\$854,000				\$1,652,790
Hocking	\$50,000		\$868,000				\$918,000
Holmes	\$365,000		\$4,171,109				\$4,536,109
Huron	\$807,300		\$1,117,954				\$1,925,254
Jackson	\$70,000		\$0				\$70,000
Jefferson	\$0		\$950,737				\$950,737
Knox	\$766,000		\$0				\$766,000
Lake	\$100,000		\$2,218,869				\$2,318,869
Lawrence	\$200,000		\$0				\$200,000
Licking	\$345,000		\$805,624				\$1,150,624
Logan	\$1,943,997		\$1,638,099				\$3,582,096
Lorain	\$551,000		\$2,216,781				\$2,767,781
Lucas	\$1,195,000		\$7,265,025				\$8,460,025
Madison	\$3,416,900		\$1,137,742				\$4,554,642
Mahoning	\$0		\$9,528,488				\$9,528,488
Marion	\$3,154,403		\$2,619,757				\$5,774,160
Medina	\$375,000		\$7,426,857				\$7,801,857
Meigs	\$40,000		\$664,000				\$704,000
Mercer	\$2,792,480		\$466,229				\$3,258,709
Miami	\$1,173,312		\$3,052,632				\$4,225,944
Monroe	\$0		\$118,000				\$118,000
Montgomery	\$1,069,912		\$9,017,329				\$10,087,241
Morgan	\$221,150		\$800,000				\$1,021,150
Morrow	\$2,590,137		\$0				\$2,590,137
Muskingum	\$220,550		\$2,477,441				\$2,697,991
Noble	\$50,000		\$0				\$50,000
Ottawa	\$2,503,000		\$3,053,125				\$5,556,125
Paulding	\$2,684,439		\$511,291				\$3,195,730
Perry	\$930,000		\$661,804				\$1,591,804





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Printed at the Ohio Treasury