



Annual Report

June 30, 2005

*Jennette B. Bradley
Ohio Treasurer of State*





**Auditor of State
Betty Montgomery**

The Honorable Jennette B. Bradley
Treasurer of State
Columbus, Ohio

We have reviewed the *Independent Auditor's Report* of Star Ohio, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2004 to June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 2, 2005

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A Message from Ohio Treasurer of State Jennette B. Bradley



Dear Shareholders:

It is a pleasure to present to you the State Treasury Asset Reserve of Ohio (STAR Ohio) Annual Report for fiscal year 2005.

STAR Ohio's 19th year of successful operation very much resembled the first 18 years in that STAR Ohio remained an effective investment tool for Ohio's public funds managers, delivering high levels of safety, liquidity, and yield.

For the last 11 years, STAR Ohio has continued to maintain its AAAM rating from Standard & Poor's — the highest rating possible for a Government Investment Pool.

STAR Ohio participants saw improved investment earnings in fiscal year 2005 as interest rates moved higher after two years at or near historic lows.

The STAR Ohio Investment Policy was amended in fiscal year 2005 to increase the allowable percentage of investment in commercial paper from 10 percent to 25 percent of pool assets.

As STAR Ohio enters its 20th year of operation, we remain committed to the same risk-averse policies that have allowed STAR Ohio to be an effective investment tool for public fund managers.

Respectfully,

Jennette B. Bradley
Ohio Treasurer of State

INDEPENDENT AUDITORS' REPORT

The Honorable Betty Montgomery
Ohio Auditor of State

The Honorable Jennette B. Bradley
Ohio Treasurer of State

We have audited the statement of assets and liabilities, including the schedule of investments, of the State Treasury Asset Reserve of Ohio ("STAR Ohio") as of June 30, 2005, and the related statements of operations, changes in net assets and the financial highlights for the years ended June 30, 2005 and 2004. These financial statements and financial highlights are the responsibility of the management of STAR Ohio. Our responsibility is to express an opinion on the respective financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the respective financial position of STAR Ohio as of June 30, 2005, and the results of its operations, the changes in its net assets and the financial highlights for the years ended June 30, 2005 and 2004, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on page 2 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of STAR Ohio. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2005, on our consideration of STAR Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, cursive script.

Cleveland, Ohio
August 9, 2005

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Background

The State Treasury Asset Reserve of Ohio (STAR Ohio or "the Pool") is a statewide investment pool managed and administered by the Treasurer of the State of Ohio. Participation is offered to Ohio political subdivisions as a means to invest in a portfolio of short-term investment securities. The investment objective of STAR Ohio is to seek as high a level of current income as is consistent with prudent investment management, the preservation of capital and the maintenance of liquidity. STAR Ohio seeks to achieve this objective by investing only in certain high-grade investment instruments. STAR Ohio is similar in concept to a registered investment company using redeemable securities, commonly called a "money market mutual fund." Our discussion and analysis below is based upon currently known facts and conditions that we judge to have had a material effect on STAR Ohio's financial condition and results of operations.

Overview of Financial Condition

The targeted overnight federal funds rate increased eight times for a total of 2.00% during the fiscal year ended June 30, 2005. Low interest rates and general economic conditions experienced by STAR Ohio participants during the year resulted in an approximate \$1.2 billion reduction in the investment portfolio due to a decline in net assets as shareholders redeemed funds.

Overview of Operations

Net investment income as a percentage of average daily net assets increased to 1.97% in fiscal year 2005 from 1.00% in fiscal year 2004, resulting primarily from the federal funds targeted rate increasing 2.00% during the fiscal year. The weighted average yield of STAR Ohio's investment portfolio was 3.17% and 1.19% at June 30, 2005 and 2004, respectively. The STAR Ohio Investment Policy was changed during fiscal year 2005 to increase the allowable percentage of commercial paper from 10 percent to 25 percent of the average assets on an annualized basis.

STATE TREASURY ASSET RESERVE OF OHIO FINANCIAL HIGHLIGHTS

Data for each share outstanding throughout the year

	Year ended June 30,				
	2005	2004	2003	2002	2001
Net asset value, beginning of year	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net investment income0197	.0100	.0144	.0256	.0566
Distributions from net investment income	(.0197)	(.0100)	(.0144)	(.0256)	(.0566)
Net asset value, end of year	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
Total return	1.97%	1.00%	1.44%	2.56%	5.66%
Ratios/Supplemental Information					
Expenses as a percentage of average net assets(1)099%	.082%	.077%	.072%	.050%
Net investment income as a percentage of average net assets(1)	1.97%	1.00%	1.44%	2.56%	5.66%
Net assets, at end of year	\$3,843,599,547	\$5,055,228,202	\$6,477,198,143	\$7,197,975,497	\$9,358,311,989

(1) These percentages should not be construed as representative of the yield or expenses related to further investments in the Pool.



SCHEDULE OF INVESTMENTS

June 30, 2005

Principal Amount	Maturity Date (2005, unless otherwise noted)	Value (Note A)
FEDERAL AGENCY ISSUES — 81.1%		
\$ 926,265,000	Federal Home Loan Bank Discount Notes, 2.95-3.29% 7/5 - 9/14	\$ 923,335,990
1,005,193,000	Federal Home Loan Mortgage Corp. Discount Notes, 2.6-3.33% 7/1 - 9/27	1,002,057,991
1,048,954,000	Federal National Mortgage Association Discount Notes, 2.95-3.33% 7/1 - 9/21	1,045,079,209
150,000,000	Tennessee Valley Authority Discount Notes, 3.16-3.21% 8/4 - 8/11	149,518,764
	Total Federal Agency Issues	3,119,991,954
COMMERCIAL PAPER — 18.5%		
90,000,000	American Express Credit Corp., 3.06-3.22% 7/18 - 7/26	89,853,942
90,000,000	Bank of America Corp., 3.01-3.27% 7/7 - 8/17	89,763,524
20,000,000	Citigroup Funding Inc., 3.16% 7/21	19,964,889
30,000,000	Citigroup Global Markets Holdings Inc., 3.13% 7/28	29,929,575
49,000,000	FCAR Owner Trust, 3.03% 7/5 - 7/8	48,978,453
35,000,000	Fountain Square Commercial Funding, 3.17% 7/19	34,944,525
10,000,000	Gannett Co. Inc., 3.09% 7/21	9,982,833
20,000,000	General Electric Capital Corporation, 3.15% 8/1	19,945,750
70,000,000	General Electric Capital Services, 3.11-3.24% 7/14 - 7/21	69,909,083
14,352,000	Illinois Tool Works, 3.17% 7/21	14,326,725
110,000,000	Morgan Stanley Dean Witter & Co., 3.09-3.12% 7/6 - 7/22	109,855,531
20,000,000	Nestle Capital Corp., 3.17% 7/25	19,957,733
15,000,000	Procter & Gamble Co., 3.17% 7/26	14,966,979
50,000,000	Prudential Funding Corporation, 3.10% 7/25	49,896,667
90,000,000	UBS Finance Delaware LLC, 3.08-3.27% 7/11 - 8/12	89,840,319
	Total Commercial Paper	712,116,528
DAILY REPURCHASE AGREEMENTS — .4%		
14,802,306	Fifth Third Bank, Cincinnati, 2.50% collateralized by \$15,280,000 Federal Home Loan Mortgage Corporation Note, 3.45% due 3/12/2008, market value \$15,258,914 (repurchase proceeds \$14,803,334)	14,802,306
	Total Daily Repurchase Agreement	14,802,306
	TOTAL INVESTMENTS — 100%	3,846,910,788
	Liabilities in excess of other assets	(3,311,241)
	NET ASSETS — 100% — equivalent to \$1.00 per share for 3,843,599,547 outstanding shares of the Pool	\$3,843,599,547

See Accompanying Notes to Financial Statements.



STATEMENT OF ASSETS & LIABILITIES

JUNE 30, 2005

ASSETS

Investments	
Federal Agency Issues	\$3,119,991,954
Commercial Paper	712,116,528
Daily Repurchase Agreement	<u>14,802,306</u>
Total Investments	3,846,910,788
Collateral on Securities Lent	100,138,537
Receivable for Fund Shares Purchased	<u>411,000</u>
Total Assets	<u>3,947,460,325</u>

LIABILITIES

Obligation Under Security Lending	100,138,537
Payable for Fund Shares Redeemed	3,346,590
Accrued Co-Administrator fees	123,288
Accrued Management fees	99,475
Accrued Custodian fees	72,993
Other Liabilities	<u>79,895</u>
Total Liabilities	<u>103,860,778</u>

NET ASSETS \$3,843,599,547

Participant Net Asset Value, Price Per Unit \$ 1.00

See Accompanying Notes to Financial Statements.



STATEMENTS OF OPERATIONS

	Year ended June 30,	
	2005	2004
INVESTMENT INCOME		
Interest income	\$94,917,036	\$ 64,916,863
Securities lending income	601,594	1,043,169
Total investment income	95,518,630	65,960,032
EXPENSES		
Management fees	1,978,201	2,341,052
Co-administrator fees	1,371,572	1,252,850
Custodian and transfer agent fees	938,762	1,119,173
Security lending fees	194,800	218,046
Postage and printing fees	38,750	39,460
Audit fees	36,000	34,500
S & P analytical fees	33,000	33,000
Telephone response fees	29,335	28,220
Miscellaneous	119,320	96,260
Total expenses	4,739,740	5,162,561
NET INVESTMENT INCOME	\$90,778,890	\$ 60,797,471

STATEMENTS OF CHANGES IN NET ASSETS

	Year ended June 30,	
	2005	2004
DECREASE IN NET ASSETS		
Operations		
Net investment income	\$ 90,778,890	\$ 60,797,471
Distributions to shareholders from		
Net investment income	(90,778,890)	(60,797,471)
Capital share transactions net decrease — Note E . . .	(1,211,628,655)	(1,421,969,941)
Decrease in net assets	(1,211,628,655)	(1,421,969,941)
Net assets		
Beginning of year	5,055,228,202	6,477,198,143
End of year	\$ 3,843,599,547	\$5,055,228,202

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

STAR Ohio is a statewide investment pool managed by the Treasurer of the State of Ohio. Participation is offered to Ohio political subdivisions as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code. STAR Ohio offers these subdivisions a means of investing in a portfolio of investment instruments. STAR Ohio seeks to obtain as high a level of current income as is consistent with prudent investment management, the preservation of capital and maintenance of liquidity. There can be no guarantee that this will be achieved.

State Treasurer, Jennette B. Bradley, through the Investment Department, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215-3461, serves as investment advisor and administrator to STAR Ohio. The advisor manages the investment and reinvestment of STAR Ohio's assets in accordance with STAR Ohio's investment objectives and policies, subject to the general limitations of Section 135.143 of the Ohio Revised Code. In addition, the advisor is responsible for the overall management of STAR Ohio's business affairs. STAR Ohio compensates the advisor with a flat management fee of \$500,000 per year.

Carnegie Capital Management Company, Cleveland, Ohio, is the co-administrator and provides certain clerical and administrative services for STAR Ohio. Compensation is based on a percentage of daily net assets.

National City Bank, Cleveland, Ohio, is the dividend and transfer agent for STAR Ohio and also serves as investment consultant and custodian of its portfolio. Effective July 1, 2004, Provident Bank was acquired by National City Corporation. United American Capital Corporation, Worthington, Ohio, and Meeder Asset Management Inc., Dublin, Ohio, assisted Provident Bank with investment consulting services. As of March 1, 2005, National City Corporation began providing investment consulting services previously provided to STAR Ohio by United American Capital Corporation and Meeder Asset Management, Inc. In June 2005, National City Corporation announced that its Institutional Asset Management business would be renamed Allegiant Asset Management Group. The investment consulting fees are reflected in the management fees in the Statement of Operations. Compensation is based on a percentage of daily net assets.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Pursuant to the Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, STAR Ohio follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

NOTE B — INVESTMENT SECURITIES

Investment securities are valued using 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.

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned (including original issue and market discount) being accreted and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated on the identified cost basis.

STAR Ohio is permitted to invest in commercial paper, but shall not exceed 25 percent of the average net assets on an annualized basis. Commercial paper holdings when purchased represent 25 percent or less of the average net assets on an annualized basis. As of June 30, 2005, commercial paper holdings represented 19 percent of the net assets.

All repurchase agreements are fully collateralized by United States Government or Federal Agency securities, pursuant to Section 135.143 of the Ohio Revised Code, and such collateral is in the possession of STAR Ohio's custodian. STAR Ohio evaluates collateral daily to ensure its market value plus accrued interest exceeds the delivery value of the repurchase agreement at maturity. STAR Ohio does not enter into reverse repurchase (borrowing) agreements.

The Pool maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. The Pool has established procedures, reasonably designed, taking into account current market quotations, 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.

During March 2003, the GASB issued Statement No. 40 ("Statement No. 40"), *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the fiscal year ended June 30, 2005.

As of June 30, 2005, STAR Ohio had the following investments and maturities.

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Commercial Paper	\$ 712,116,528	\$ 712,116,528	
Repurchase Agreements	14,802,306	14,802,306	
Federal Agency Issues	<u>3,119,991,954</u>	<u>3,119,991,954</u>	
	<u>\$3,846,910,788</u>	<u>\$3,846,910,788</u>	

Interest Rate Risk. Through its investment policy, STAR Ohio manages its exposure to fair value losses arising from increasing interest rates by limiting the final stated maturity on any investment not to exceed 397 days or that will cause the weighted average maturity of the portfolio to exceed 60 days.

Credit Risk. STAR Ohio's investment policy requires all securities held by STAR Ohio be rated the equivalent of A-1+ or A-1 and at least 50% of the Total Average Portfolio be rated A-1+ or better. As of June 30, 2005 STAR Ohio's investments in U.S. Agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investor Services. Of the commercial paper, \$592,278,164 was rated A-1+/P-1 and the remaining \$119,838,364 was rated A-1/P-1.

Concentration of Credit Risk. STAR Ohio through its investment policy limits the amount invested in any single issuer to 2 percent of STAR Ohio's Total Average Portfolio, with the following exceptions: U.S. Treasury Obligations (100 percent maximum), U.S. Agencies Obligations (33 percent maximum), Repurchase Agreement Counterparties (10 percent or \$500 million, whichever is less), and Mutual Funds (10 percent maximum.) As of June 30, 2005, STAR Ohio had more than 5 percent of the investments in the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. These investments are 24, 26, and 27 percent, respectively, of the Pool's total investments.

Foreign Currency Risk. STAR Ohio does not have exposure for foreign exchange risk.

Custodial Credit Risk. STAR Ohio's investments are not exposed to custodial credit risk, as defined by Statement No. 40. Securities in STAR Ohio are either insured, registered or are held by STAR Ohio or by its agent in the name of STAR Ohio.

NOTE C — SECURITIES LENDING

Pursuant to Section 135.143 of the Ohio Revised Code, the Pool may lend up to 25 percent of its securities to any eligible financial institution that is a member of the Federal Reserve System or any recognized United States government securities dealer. Under the terms of the lending agreement, STAR Ohio lends securities and the eligible financial institution or primary dealer agrees to simultaneously exchange similar securities or cash. On June 30, 2005, collateral on securities lent consisted of floating rate notes and a repurchase agreement. STAR Ohio may not pledge or sell the securities received in exchange. STAR Ohio receives payments from borrowers equivalent to the interest that would have been earned on securities lent while simultaneously seeking to earn interest on the investment of cash collateral. The income from this program is distributed daily. STAR Ohio calculates a mark-to-market review of collateral daily to ensure its market value is at least 100 percent of the underlying securities lent. At year-end, the Pool has no credit risk exposure to the borrowers because the amounts the Pool owes the borrower exceeds the amounts the borrowers owe the Pool.

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

As of June 30, 2005, the amortized cost and fair value of securities available for securities lending were \$2,599,431,590 and \$2,599,119,722 respectively, of which the following were actually lent:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Federal Home Loan Bank Discount Notes	\$49,971,222	\$49,970,000
Federal National Mortgage Association Discount Notes	49,954,625	49,950,000
	<u>\$99,925,847</u>	<u>\$99,920,000</u>

The collateral at year end for the lent securities included variable rate corporate notes and corporate repurchase agreements; the fair market values were \$78,131,735 and \$22,006,802, respectively. No losses were incurred during the year on the Pool's securities lending transactions from the default of a borrower or lending agent.

NOTE D — INCOME DISTRIBUTIONS

STAR Ohio declares a distribution each business day of its net investment income and realized capital gains, if any. All such distributions are automatically reinvested in additional shares of the Pool.

NOTE E — CAPITAL SHARES

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

	Year ended June 30,	
	2005	2004
Shares sold	23,758,841,937	35,330,565,501
Shares issued for reinvestment of distributions	90,778,890	60,797,471
	<u>23,849,620,827</u>	<u>35,391,362,972</u>
Shares redeemed	<u>(25,061,249,482)</u>	<u>(36,813,332,913)</u>
Capital shares transactions net decrease	<u>(1,211,628,655)</u>	<u>(1,421,969,941)</u>

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

The Honorable Betty Montgomery
Ohio Auditor of State

The Honorable Jennette B. Bradley
Ohio Treasurer of State

We have audited the financial statements of the State Treasury Asset Reserve of Ohio ("STAR Ohio") as of and for the year ended June 30, 2005, and have issued our report thereon dated August 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered STAR Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Deloitte + Touche LLP

August 9, 2005



APPENDIX

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 triple-A 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 the Pool's management, investment guidelines, portfolio holdings and market price exposure.

SUMMARY OF INVESTMENT OBJECTIVES & ELIGIBLE INVESTMENTS

The investment objective of STAR Ohio is to seek as high a level of current income as is consistent with prudent investment management, the preservation of capital and maintenance of liquidity. STAR Ohio seeks to achieve this objective by investing only in certain high-grade short-term investment instruments, which are authorized for investment by the State of Ohio as specified in Section 135.143 of the Ohio Revised Code. Instruments in which STAR Ohio may invest include:

(1) United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;

(3)(a) 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 United States government securities dealer, under the terms of which agreement the Treasurer of State purchases and the eligible financial institution or dealer agrees unconditionally to repurchase any of the securities that are listed in items (1) or (2) above and that will mature or are redeemable within ten years from the date of purchase. The market value of securities subject to these transactions must exceed the principal value of the repurchase agreement by an amount specified by the Treasurer of State, and the securities must be delivered into the custody of the Treasurer of State or the qualified trustee or agent designated by the Treasurer of State. The agreement shall contain the requirement that for each transaction pursuant to the agreement, the participating institution or dealer shall provide all of the following information:

(i) The par value of the securities;

(ii) The type, rate, and maturity date of the securities;

(iii) A numerical identifier generally accepted in the securities industry that designates the securities.

(b) STAR Ohio does not invest in reverse repurchase agreements, which are securities sold to a broker-dealer under the provision that they will be bought back at a predetermined date for a specified price.

(4) The Treasurer of State also may sell any securities, listed in items (1) or (2) above, regardless of maturity or time of redemption of the securities, under the same terms and conditions for repurchase, provided that the securities have been fully paid for and are owned by the Treasurer of State at the time of the sale.

(5) 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 of State lends securities and the eligible financial institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value;

(6) Various forms of commercial paper, maturing in 180 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 25 percent of the average net assets on an annualized basis, as determined and calculated by the Treasurer of State;

(7) 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 banker's acceptances at any time shall not exceed 10 percent of the total average net assets, as determined and calculated by the Treasurer of State;

(8) Certificates of deposit in eligible institutions applying for interim monies as provided in Section 135.08 of the Ohio Revised Code.

(9) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this section and commercial paper and repurchase agreements secured by such obligations.

CERTIFICATES OF DEPOSIT

Under Ohio law, financial institutions, which issue certificates of deposit to the state, must be eligible state depositories. An institution, which desires to be an eligible depository, must make an application therefore, in writing, to the State Board of Deposit, every two years in the even numbered years.

The State Board of Deposit consists of the Ohio Treasurer of State, as chairperson, the Ohio Auditor of State, and the Ohio Attorney General. The application shall specify the maximum amount of money which the applicant desires to receive and have on deposit and shall be accompanied by a financial statement of the applicant, under oath of an officer; in such detail as to show the capital funds of the applicant, as of the date of its latest report to the superintendent of banks, superintendent of savings and loan associations, office of thrift supervision, or comptroller of the currency. It is the responsibility of the financial institution to ensure that it shall not receive or have on deposit at any one time public monies in excess of 30 percent of its total assets.

Certificates of deposit as described in item (8) above, must be fully collateralized for principal amounts in excess of the amount insured by the Federal Deposit Insurance Corporation or by any agency or instrumentality of the federal government. The Treasurer of State will strictly adhere to the provisions of Section 135.18 of the Ohio Revised Code, regarding the security for repayment of public deposits.

**STATE TREASURY ASSET RESERVE OF OHIO
STAR Ohio**

30 East Broad Street, 9th Floor
Columbus, Ohio 43215-3461
<http://www.starohio.org>

INVESTMENT ADVISOR AND ADMINISTRATOR

Jennette B. Bradley
Ohio Treasurer of State

Co-Administrator

Carnegie Capital Management Company
Cleveland, Ohio

Custodian and Transfer Agent

National City Bank
Cleveland, Ohio

Investment Agent

Allegiant Asset Management Co.
Cleveland, Ohio

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

Additional information regarding **STAR Ohio** and other
Treasurer of State Programs may be accessed through the
Treasury Web Site at:
<http://tos.ohio.gov>
and
www.starohio.org

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***State Treasury Asset
Reserve of Ohio
Investment Trust Fund***

*Financial Statements as of June 30, 2005 and
for the Years Ended June 30, 2005 and 2004
and Independent Auditors' Report*

STATE TREASURY ASSET RESERVE OF OHIO INVESTMENT TRUST FUND

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INDEPENDENT AUDITORS' REPORT

To the Treasurer of the State of Ohio:

We have audited the accompanying statement of assets and liabilities of the State Treasury Asset Reserve of Ohio Investment Trust Fund ("Trust Fund") as of June 30, 2005, and the related statements of operations and changes in net assets for the years ended June 30, 2005 and 2004. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the State Treasury Asset Reserve of Ohio Investment Trust Fund and are not intended to present fairly the financial position of the State Treasury Asset Reserve of Ohio, and the results of its operations and changes in its net assets in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund as of June 30, 2005, and the results of its operations and changes in its net assets for the years ended June 30, 2005 and 2004 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on page 2 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of the Trust Fund. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

This report is intended solely for the information and use of the Treasurer of the State of Ohio, the Auditor of the State of Ohio, and the Ohio Office of Budget and Management and is not intended to be and should not be used by anyone other than those specified parties.



August 9, 2005

STATE TREASURY ASSET RESERVE OF OHIO INVESTMENT TRUST FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Background

The State Treasury Asset Reserve of Ohio ("STAR Ohio" or "the Pool") is a statewide investment pool managed and administered by the Treasurer of the State of Ohio. Participation is offered to Ohio political subdivisions as a means to invest in a portfolio of short-term investment securities. The investment objective of STAR Ohio is to seek as high a level of current income as is consistent with prudent investment management, the preservation of capital and the maintenance of liquidity. STAR Ohio seeks to achieve this objective by investing only in certain high-grade investment instruments. STAR Ohio is similar in concept to a registered investment company using redeemable securities, commonly called a "money market mutual fund."

The external portion of STAR Ohio, the State Treasury Asset Reserve of Ohio Investment Trust Fund ("Trust Fund"), is the portion that belongs to legally separate entities that are not part of the State of Ohio's financial reporting entity. STAR Ohio does not have separate investments or activities for the external portion of the investment pool. As a result, the financial condition and results of operations of the Trust Fund have been prepared by prorating the assets and liabilities related to the external portion. Additionally, the Statements of Operations and Changes in Net Assets is prepared by prorating investment income and expenses related to the external portion using average daily balances. Our discussion and analysis below is based upon currently known facts and conditions that we judge to have had a material effect on the Trust Fund's financial condition and results of operations.

Overview of Financial Condition

The targeted overnight federal fund rate increased eight times for a total of 2.00% during the fiscal year ended June 30, 2005. Low interest rates and general economic conditions experienced by STAR Ohio participants during the year resulted in an approximate \$1.2 billion reduction in the investment portfolio due to a decline in net assets as shareholders redeemed funds.

Overview of Operations

Net investment income as a percentage of average daily net assets increased to 1.97% in fiscal year 2005 from 1.00% in fiscal year 2004, resulting primarily from the federal funds targeted rate increasing to 2.00% during the fiscal year. The weighted average yield of STAR Ohio's investment portfolio was 3.17% and 1.19% at June 30, 2005 and 2004, respectively. The STAR Ohio Investment Policy was changed during fiscal year 2005 to increase the allowable percentage of commercial paper from 10 percent to 25 percent of the average assets on an annualized basis.

* * * * *

STATE TREASURY ASSET RESERVE OF OHIO INVESTMENT TRUST FUND

STATEMENT OF ASSETS AND LIABILITIES AS OF JUNE 30, 2005

ASSETS:

Investments:

Federal Agency issues	\$ 2,506,495,456
Commercial paper	572,090,207
Daily repurchase agreement	<u>11,891,669</u>
Total investments	3,090,477,332
Collateral on securities lent	80,447,902
Receivable for fund shares purchased	<u>330,183</u>

Total assets 3,171,255,417

LIABILITIES:

Obligation under security lending	80,447,902
Payable for fund shares redeemed	2,688,537
Accrued co-administrator fees	99,045
Accrued management fees	79,915
Accrued custodian fees	58,640
Other liabilities	<u>63,946</u>

Total liabilities 83,437,985

NET ASSETS \$ 3,087,817,432

See accompanying notes to financial statements.

STATE TREASURY ASSET RESERVE OF OHIO INVESTMENT TRUST FUND

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
STATEMENTS OF OPERATIONS:		
Investment income:		
Interest income	\$ 75,397,965	\$ 52,598,921
Securities lending income	<u>476,831</u>	<u>843,065</u>
Total investment income	75,874,796	53,441,986
Investment expenses:		
Management fees	1,565,589	1,895,634
Co-administrator fees	1,089,038	1,015,131
Custodian and transfer agent fees	743,385	906,774
Security lending fees	154,372	176,169
Postage and printing fees	30,645	31,827
Audit fees	28,529	27,929
Standard & Poor's analytical fees	26,153	26,717
Telephone response fees	23,239	22,812
Miscellaneous	<u>94,628</u>	<u>77,976</u>
Total investment expense	<u>3,755,578</u>	<u>4,180,969</u>
NET INVESTMENT INCOME	<u>\$ 72,119,218</u>	<u>\$ 49,261,017</u>
STATEMENTS OF CHANGES IN NET ASSETS:		
OPERATIONS—Net investment income	\$ 72,119,218	\$ 49,261,017
DISTRIBUTIONS TO SHAREHOLDERS:		
Dividends to shareholders from net investment income	(72,119,218)	(49,261,017)
CAPITAL SHARE TRANSACTIONS—Net	<u>(902,354,864)</u>	<u>(1,376,733,630)</u>
Decrease in net assets	(902,354,864)	(1,376,733,630)
NET ASSETS:		
Beginning of year	<u>3,990,172,296</u>	<u>5,366,905,926</u>
End of year	<u>\$ 3,087,817,432</u>	<u>\$ 3,990,172,296</u>

See accompanying notes to financial statements.

STATE TREASURY ASSET RESERVE OF OHIO INVESTMENT TRUST FUND

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2005 AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

1. SUMMARY OF ORGANIZATION

Description of Fund—The State Treasury Asset Reserve of Ohio (“STAR Ohio” or “Pool”) is a statewide investment pool managed by the Treasurer of the State of Ohio. Participation is offered to Ohio political subdivisions as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code. STAR Ohio offers these subdivisions a means of investing in a portfolio of investment instruments. STAR Ohio seeks to obtain as high a level of current income as is consistent with prudent investment management, the preservation of capital, and maintenance of liquidity. There can be no guarantee that this will be achieved.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the State of Ohio (“State”) reports the external portion of STAR Ohio as a separate investment trust fund. The external portion of STAR Ohio (“Trust Fund”) is the portion that belongs to legally separate entities that are not part of the State’s financial reporting entity. The STAR Ohio investment pool does not have separate investments or activities for the external portion. The Statement of Assets and Liabilities of the Trust Fund has been prepared by prorating the assets and liabilities related to the external portion. Additionally, the Statements of Operations and Changes in Net Assets was prepared by prorating investment income and expenses related to the external portion using average daily balances.

Legal Authority—Section 135.45 of the Ohio Revised Code permits the State’s political subdivisions to pool their public funds into an investment fund managed by the State Treasurer and the State Treasurer’s staff of portfolio managers. STAR Ohio provides units of local government with an alternative investment option for their public funds.

Investment Adviser and Administrator—State Treasurer Jennette B. Bradley, through the Investment Department, 30 East Broad Street, Ninth Floor, Columbus, Ohio 43215-3461, serves as investment adviser and administrator to STAR Ohio. The adviser manages the investment and reinvestment of STAR Ohio’s assets in accordance with STAR Ohio’s investment objectives and policies, subject to the general limitations of Section 135.143 of the Ohio Revised Code. In addition, the advisor is responsible for the overall management of STAR Ohio’s business affairs. STAR Ohio compensates the advisor with a flat management fee of \$500,000 per year.

Co-Administrator—Carnegie Capital Management Company, Cleveland, Ohio, is the co-administrator and provides certain clerical and administrative services for STAR Ohio. Compensation is based on a percentage of daily net assets.

Custodian, Transfer Agent and Investment Consultant—National City Bank, Cleveland, Ohio, is the dividend and transfer agent for STAR Ohio and also serves as investment consultant and custodian of its portfolio. All securities are held in the name of STAR Ohio on behalf of the Fund. Effective July 1, 2004, Provident Bank was acquired by National City Corporation, Cleveland, Ohio. United American Capital Corporation, Worthington, Ohio, and Meeder Asset Management Inc., Dublin, Ohio assisted Provident Bank with investment consulting services. As of March 1, 2005, National City Corporation began providing investment consulting services previously provided to STAR Ohio by United American

Capital Corporation and Meeder Asset Management, Inc. In June 2005, National City Corporation announced that its Institutional Asset Management business would be renamed Allegiant Asset Management Group. The investment consulting fees are reflected in the management fees in the Statement of Operations. Compensation is based on a percentage of daily net assets.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Trust Fund follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

New Accounting Pronouncements—Effective July 1, 2003, the Trust Fund implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The adoption of GASB Statement No. 39 did not have a material impact on the Trust Fund.

Security Valuations—Investment securities are valued using 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.

Security Transactions and Related Investment Income—Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis, with discounts earned (including original issue and market discount) being accreted and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated on the identified cost basis.

Mark-to-Market Procedures—The Pool maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. The Pool has established procedures, reasonably designed, taking into account current market quotations, 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.

Federal Income Taxes—STAR Ohio is not subject to income taxes.

Use of Estimates—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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENT SECURITIES

Repurchase Agreements and Commercial Paper—STAR Ohio is permitted to invest in commercial paper, but shall not exceed 25% of the average net assets on an annualized basis. Commercial paper holdings when purchased represent 25% or less of the average net assets on an annualized basis. As of June 30, 2005, commercial paper holdings represented 19% of the net assets.

All repurchase agreements are fully collateralized by United States Government or Federal Agency securities, pursuant to Section 135.143 of the Ohio Revised Code, and such collateral is in the possession of STAR Ohio's custodian. STAR Ohio evaluates collateral daily to ensure its market value plus accrued interest exceeds the delivery value of the repurchase agreement at maturity. STAR Ohio does not enter into reverse repurchase (borrowing) agreements.

During March 2003, the GASB issued Statement No. 40 (“Statement No. 40”), *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposure that would indicate the foreign investment’s denomination. The provisions of this statement are effective for financial statements for the fiscal year ended June 30, 2005.

As of June 30, 2005, STAR Ohio had the following investment and maturities:

Investment Type	Amortized Cost	Investment Maturities (in Years)	
		Less Than 1	1-5
Commercial paper	\$ 572,090,207	\$ 572,090,207	
Repurchase Agreements	11,891,669	11,891,669	
U.S. Agencies Obligations	<u>2,506,495,456</u>	<u>2,506,495,456</u>	
Total	<u>\$ 3,090,477,332</u>	<u>\$ 3,090,477,332</u>	

Interest Rate Risk—Through its investment policy, STAR Ohio manages its exposure to fair value losses arising from increasing interest rates by limiting the final stated maturity on any investment not to exceed 397 days or that will cause the weighted average maturity of the portfolio to exceed 60 days.

Credit Risk—STAR Ohio’s Investment Policy requires all securities held by STAR Ohio be rated the equivalent of A-1+ or A-1 and at least 50% of the Total Average Portfolio be rated A-1+ or better. As of June 30, 2005, STAR Ohio’s investments in U.S. Agencies were rated AAA by Standard & Poor’s and Aaa by Moody’s Investor Services. Of the commercial paper, \$475,816,140 was rated A-1/P-1 and the remaining \$96,274,067 was rated A-1/P-1.

Concentration of Credit Risk—STAR Ohio through its investment policy limits the amount invested in any single issuer to 2% of STAR Ohio’s Total Average Portfolio, with the following exceptions: U.S. Treasury Obligations (100% maximum), U.S. Agencies Obligations (33% maximum), Repurchase Agreement Counterparties (10% or \$500 million, whichever is less), and Mutual Funds (10% maximum). As of June 30, 2005, STAR Ohio had more than 5% of the investments in the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. These investments are 24%, 26%, and 27%, respectively, of the Pool’s total investments.

Foreign Currency Risk—STAR Ohio does not have exposure for foreign exchange risk.

Custodial Credit Risk—STAR Ohio’s investments are not exposed to custodial credit risk, as defined by Statement No. 40. Securities in STAR Ohio are either insured, registered or are held by STAR Ohio or by its agent in the name of STAR Ohio.

4. SECURITIES LENDING

Pursuant to ORC 135.143, the Pool may lend up to 25% 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. Under the terms of the lending agreement, STAR Ohio lends securities and the eligible financial institution or primary dealer agrees to simultaneously exchange similar securities or cash. At June 30, 2005, collateral on securities lent consisted of floating rate notes and a repurchase agreement.

STAR Ohio may not pledge or sell the securities received in exchange. STAR Ohio receives payments from borrowers equivalent to the interest that would have been earned on securities lent while simultaneously seeking to earn interest on the investment of cash collateral. The income from this program is distributed daily. STAR Ohio calculates a mark-to-market review of collateral daily to ensure its market value is at least 100% of the underlying securities lent. At year-end, the Pool has no credit risk exposure to the borrowers because the amounts the Pool owes the borrower exceeds the amounts the borrowers owe the Pool.

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

As of June 30, 2005, the amortized cost and fair value of securities available for securities lending allocated to the Trust Fund were \$2,088,294,959 and \$2,088,044,415, respectively, of which the following were actually lent:

	Amortized Cost	Fair Value
Federal Home Loan Bank Discount Notes	\$40,145,181	\$40,144,199
Federal National Mortgage Association Discount Notes	<u>40,131,847</u>	<u>40,128,132</u>
Total	<u>\$80,277,028</u>	<u>\$80,272,331</u>

The collateral at year end for the lent securities included variable rate corporate notes and corporate repurchase agreements; the fair market values were \$62,768,383 and \$17,679,519, respectively. No losses were incurred during the year on the Pool's lending transactions from the default of a borrower or lending agent.

5. INCOME DISTRIBUTIONS

STAR Ohio declares a distribution each business day to distribute its net investment income and realized capital gains, if any. All such distributions are automatically reinvested in additional shares of the Pool.

6. CAPITAL SHARES

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

	Year Ended June 30	
	2005	2004
Shares sold	\$ 13,837,750,572	\$ 17,130,626,004
Shares issued for reinvestment of distributions	<u>72,119,218</u>	<u>49,261,017</u>
	13,909,869,790	17,179,887,021
Shares redeemed and other transactions	<u>(14,812,224,654)</u>	<u>(18,556,620,651)</u>
Capital share transactions—net decrease	<u>\$ (902,354,864)</u>	<u>\$ (1,376,733,630)</u>

* * * * *



**Auditor of State
Betty Montgomery**

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STAR OHIO

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2005**