Schedule H-2

TREASURER OF STATE

STATE FUNDS-INVESTMENTS
CARRYING AMOUNT, CUSTODIAL CREDIT RISK AND UNREALIZED GAIN/(LOSS)
(EXCLUDING LOTTERY COMMISSION'S STRUCTURED INVESTMENTS)
AS OF JUNE 30, 2008

Investment Type	(A) Investments Not Exposed to Custodial Credit Risk	(A) Held by the Counterparty and Not in the State's Name	(A) Total	(B) Total Carrying Amount	(C) Total Cost-Based Valuation includes PAI)	(D) Purchased Accrued Interest (PAI)	(E) Write-Downs for Amortization of Premiums	(F) =(B)-(C)+(D)+(E) Unrealized Gain/(Loss)
	(stated at FV-settlement date basis)			(stated at FV-trade date basis)	(stated at cost-trade date basis)	(trade date basis)		(trade date basis)
U.S. Government Obligations	$ 728,596,482	$ -	$ 728,596,482	$ 703,805,482	$ 702,547,116	$ 717,345	$ -	$ 1,975,711
U.S. Agency Obligations	8,214,960,789	-	8,214,960,789	8,491,388,789	8,431,380,453	286,458	-	60,294,794
Commercial Paper	1,513,143,976	-	1,513,143,976	1,513,143,976	1,513,143,976	-	-	-
Victory Fed Money Market-Sweep*	-	9,376,409	9,376,409	9,376,409	9,376,409	-	-	-
Israel Bonds	37,792,600	-	37,792,600	37,792,600	38,000,000	-	-	(207,400)
	10,494,493,847	9,376,409	10,503,870,256	10,755,507,256	10,694,447,954	1,003,803	-	62,063,105
Investments Not Subject to Custodial Credit Risk by Their Nature:								
STAR Ohio	192,953,248	-	192,953,248	192,953,248	192,953,248	-	-	-
Money Market Funds	1,001,156,764	-	1,001,156,764	1,001,156,764	1,001,156,764	-	-	-
Total Investments	$ 11,688,603,859	$ 9,376,409	$ 11,697,980,268	$11,949,617,268	11,888,557,966	$ 1,003,803	$ -	$ 62,063,105

Add:	Investment Trade Receivables @ 6/30/08:	
	U.S. Treasury Note (Fund 304-#186736)	24,777,344
	Associated PAI	87,041
	Lottery Structured @ Cost (Settlement Basis)	645,164,364
	Certificates of Deposit	603,656,755
Subtract:	Investment Trade Payables @ 6/30/08:	
	FHLMC Debenture (Fund 295-#187051)	(50,000,000)
	FHLMC Medium Term Note (Fund 296-#186780)	(25,000,000)
	FHLMC Medium Term Note (Fund 296-#186781)	(25,000,000)
	FHLMC Medium Term Note (Fund 301-#186793)	(50,000,000)
	FHLMC Medium Term Note (Fund 301-#186966)	(50,000,000)
	FHLMC Medium Term Note (Fund 301-#186967)	(50,000,000)
	FNMA Medium Term Note (Fund 301-#187086)	(25,000,000)
	Total Investments per Schedule H-1	$12,887,243,470

Prepared by: Jane Snipes
Treasurer of State's Accounting Department
Date: 07/30/08
Phone: 752.8491
E-Mail: jane.snipes@tos.ohio.gov

Investment Summary (Fair Value-Settlement Basis)	295	296	297	299	300	301	303	304	Total
U.S. Government Obligations:									
SLG Demand Deposits	$ -	$ -	$ 25,906,477	$ 24,645,755	$ -	$ -	$ -	$ -	$ 50,552,232
U.S. Treasury Notes	-	-	-	-	-	-	-	678,044,250	678,044,250
									728,596,482
U.S. Agency Obligations:									
FFCB Adjust Rate Bond	-	-	-	-	10,000,000	-	70,000,000	-	80,000,000
FHLB Discount Note	-	-	-	-	644,607,982	-	-	27,972,000	672,579,982
FHLMC Discount Note	-	-	-	-	585,470,607	-	-	-	585,470,607
FNMA Discount Note	-	-	-	-	149,595,000	-	-	-	149,595,000
FFCB Debenture	-	-	-	-	-	10,290,600	-	-	10,290,600
FHLB Debenture	187,220,160	-	-	-	-	370,142,240	-	128,070,500	685,432,900
FHLMC Debenture	-	-	-	-	-	885,726,400	-	50,414,000	936,140,400
FHLMC Medium Term Note	-	50,180,500	-	-	-	573,244,300	-	-	623,424,800
FNMA Debenture	2,927,081,720	610,172,328	-	-	-	934,772,452	-	-	4,472,026,500
FNMA Medium Term Note	-	-	-	-	-	-	-	-	-
									8,214,960,789
Commercial Paper	186,872,225	17,905,920	-	-	1,008,166,699	25,635,049	-	274,564,083	1,513,143,976
STAR Ohio	231	257	-	-	50,092,404	50,521,311	-	92,339,045	192,953,248
Israel Bonds	-	-	-	-	-	37,792,600	-	-	37,792,600
Money Market Funds-Sweep	-	-	-	-	9,376,409	-	-	-	9,376,409
Money Market Funds	167,154,533	116,804,435	-	-	344,640,443	132,195,526	-	240,361,827	1,001,156,764
Total	3,468,328,869	795,063,440	25,906,477	24,645,755	2,801,949,544	3,020,320,478	70,000,000	1,491,765,705	11,697,980,268
Add:									
Certificates of Deposits	60,095,500								60,095,500
LOT Structured Investments (302)									673,304,437
Linked Deposits (303)							543,561,255		543,561,255
Mega Millions (305)									112,166,345
Grand Total	$ 3,528,424,369	$ 795,063,440	$ 25,906,477	$ 24,645,755	$ 2,801,949,544	$ 3,020,320,478	$ 613,561,255	$ 1,491,765,705	$ 13,087,107,805

Investment Summary (Fair Value-Trade Date Basis)	295	296	297	299	300	301	303	304	Total
U.S. Government Obligations:									
SLG Demand Deposits	$ -	$ -	$ 25,906,477	$ 24,645,755	$ -	$ -	$ -	$ -	$ 50,552,232
U.S. Treasury Notes	-	-	-	-	-	-	-	653,253,250	653,253,250
									703,805,482
U.S. Agency Obligations:									
FFCB Adjust Rate Bond	-	-	-	-	10,000,000	-	70,000,000	-	80,000,000
FHLB Discount Note	-	-	-	-	644,607,982	-	-	27,972,000	672,579,982
FHLMC Discount Note	-	-	-	-	585,470,607	-	-	-	585,470,607
FNMA Discount Note	-	-	-	-	149,595,000	-	-	-	149,595,000
FFCB Debenture	-	-	-	-	-	10,290,600	-	-	10,290,600
FHLB Debenture	187,220,160	-	-	-	-	370,142,240	-	128,070,500	685,432,900
FHLMC Debenture	50,157,000	-	-	-	-	885,726,400	-	50,414,000	986,297,400
FHLMC Medium Term Note	-	100,374,500	-	-	-	724,321,300	-	-	824,695,800
FNMA Debenture	2,927,081,720	610,172,328	-	-	-	934,772,452	-	-	4,472,026,500
FNMA Medium Term Note	-	-	-	-	-	25,000,000	-	-	25,000,000
									8,491,388,789
Commercial Paper	186,872,225	17,905,920	-	-	1,008,166,699	25,635,049	-	274,564,083	1,513,143,976
STAR Ohio	231	257	-	-	50,092,404	50,521,311	-	92,339,045	192,953,248
Israel Bonds	-	-	-	-	-	37,792,600	-	-	37,792,600
Money Market Funds-Sweep	-	-	-	-	9,376,409	-	-	-	9,376,409
Money Market Funds	167,154,533	116,804,435	-	-	344,640,443	132,195,526	-	240,361,827	1,001,156,764
Total	3,518,485,869	845,257,440	25,906,477	24,645,755	2,801,949,544	3,196,397,478	70,000,000	1,466,974,705	11,949,617,268
Add:									
Certificates of Deposits (295)	60,095,500								60,095,500
LOT Structured Investments (302)									673,304,437
Linked Deposits (303)							543,561,255		543,561,255
Mega Millions (305)									112,166,345
Grand Total	$ 3,578,581,369	$ 845,257,440	$ 25,906,477	$ 24,645,755	$ 2,801,949,544	$ 3,196,397,478	$ 613,561,255	$ 1,466,974,705	$ 13,338,744,805

Investment Summary
(Fair Value-Trade Date Basis)-Continued

Commecial Paper by Issuer:		% of Total Investments
ABN AMRO NA FINANC.....	$ 149,673,903	1.25%
ABBEY NATIONAL NA.....	167,765,170	1.40%
AMERICAN EXPRESS.....	206,529,286	1.73%
AMERICAN HONDA GENERAL.....	32,884,393	0.28%
BANK OF AMERICA.....	149,713,472	1.25%
CBA (DE) FINANCE.....	13,984,756	0.12%
GENERAL ELECTRIC.....	151,367,031	1.27%
HSBC FINANCE.....	229,960,522	1.92%
JP MORGAN CHASE.....	44,172,341	0.37%
PACCAR FINANCIAL.....	18,192,356	0.15%
RABOBANK USA FINAN.....	198,373,544	1.66%
WELLS FARGO.....	150,527,202	1.26%
Total U.S. Commercial Paper.....	1,513,143,976	12.66%

U.S. Agency Obligations by Issuer:			
FFCB.....	$ 90,290,600	0.76%	
FHLB.....	**1,358,012,882**	**11.41%**	**Exceeds Five Percent of Total Investments**
FHLMC.....	**2,396,463,807**	**20.14%**	**Exceeds Five Percent of Total Investments**
FNMA.....	**4,646,621,500**	**39.05%**	**Exceeds Five Percent of Total Investments**
Total U.S. Agency Obligations.....	$ 8,491,388,789	71.36%	

Investment Summary (Cost-Trade Date Basis)	295	296	297	299	300	301	303	304	Total
U.S. Government Obligations:									
SLG Demand Deposits	$ -	$ -	$ 25,906,477	$ 24,645,755	$ -	$ -	$ -	$ -	$ 50,552,232
U.S. Treasury Notes	-	-	-	-	-	-	-	651,277,539	651,277,539
									701,829,771
U.S. Agency Obligations:									
FFCB Adjust Rate Bond	-	-	-	-	10,000,000	-	70,000,000	-	80,000,000
FHLB Discount Note	-	-	-	-	643,741,025	-	-	27,969,480	671,710,505
FHLMC Discount Note	-	-	-	-	583,958,519	-	-	-	583,958,519
FNMA Discount Note	-	-	-	-	149,406,403	-	-	-	149,406,403
FFCB Debenture	-	-	-	-	-	9,960,800	-	-	9,960,800
FHLB Debenture	186,000,000	-	-	-	-	364,509,012	-	125,537,500	676,046,512
FHLMC Debenture	50,000,000	-	-	-	-	885,240,787	-	49,937,500	985,178,287
FHLMC Medium Term Note	-	100,000,000	-	-	-	719,915,000	-	-	819,915,000
FNMA Debenture	2,898,000,000	603,800,000	-	-	-	928,117,969	-	-	4,429,917,969
FNMA Medium Term Note	-	-	-	-	-	25,000,000	-	-	25,000,000
									8,431,093,995
Commercial Paper	186,872,225	17,905,920	-	-	1,008,166,699	25,635,049	-	274,564,083	1,513,143,976
STAR Ohio	231	257	-	-	50,092,404	50,521,311	-	92,339,045	192,953,248
Israel Bonds	-	-	-	-	-	38,000,000		-	38,000,000
Money Market Funds-Sweep	-	-	-	-	9,376,409	-	-	-	9,376,409
Money Market Funds	167,154,533	116,804,435	-	-	344,640,443	132,195,526	-	240,361,827	1,001,156,764
Total	3,488,026,989	838,510,612	25,906,477	24,645,755	2,799,381,902	3,179,095,454	70,000,000	1,461,986,974	11,887,554,163
Add:									
Certificates of Deposits	60,095,500								60,095,500
LOT Structured Investments (302)									532,925,805
Linked Deposits (303)							543,561,255		543,561,255
Mega Millions (305)									112,238,559
Grand Total	$ 3,548,122,489	$ 838,510,612	$ 25,906,477	$ 24,645,755	$ 2,799,381,902	$ 3,179,095,454	$ 613,561,255	$ 1,461,986,974	$ 13,136,375,282

	$ 11,887,554,163
PAI (trade basis) @ 6/30/08:	
Total USTN @ 6/30/08	804,386
USTN-#186736-Settled 7/1/08	(87,041)
Total FHLMC MTN @ 6/30/08	286,458
	$ 11,888,557,966

*** Note about Victory Federal Money Market End-of-Day Sweep Account at Key Bank:**

Under the overnight end-of-day sweep structure, Key Bank withdraws the funds from the State's account, deposits the funds into an omnibus account at the bank, pools similar withdrawals from other Key Bank customers in to this omnibus account, then purchases shares in the Victory Federal Money Market Fund in Key Bank's name. The next morning's transaction liquidates the overnight investment and re-deposits the funds into an omnibus account; Key Bank then reapportions the omnibus account balance into each participating customer bank account, including the State's Regular Account.

Under this "one-to-many" sweep, the State essentially becomes a creditor of Key Bank. Key Bank pools the State's money with that of its other customers to purchase an overnight asset on its behalf. Key Bank has, in essence, issued a promissory note to repay the amount withdrawn from the State's Regular Account by the next morning. In the event of a bank failure or the FDIC seizes bank assets after the sweep has been made, then the State would be viewed as a creditor of the bank, not as a depositor.

Domestic sweeps purchase U.S.-based investments, such as the Victory Federal Money Market Fund, using the dollar as their natural currency. Such sweeps, when structured appropriately, are relatively protected under bankruptcy.

For purposes of GASB 40 disclosure, investments in money market funds are generally not subject to custodial credit risk by their nature. However, in the case of the overnight "one-to-many" sweep investment at Key Bank, the holding has been classified as "Held by the Counterparty and not in the State's Name" for the reasons stated above.

Source: Association for Financial Professionals, AFPonline.org News, "Is Your Sweep Safe?," July 14, 2008

(The above article expressly notes that the question as to whether sweep accounts are safe in the event of a bank failure emerged during a recent meeting of the AFP's Government Relations Committee and the FDIC. As a consequence, the facts discussed in the article were not widely and generally known, as of June 30, 2008.)