



Dave Yost • Auditor of State



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MANAGEMENT LETTER

Treasurer of State of Ohio
30 East Broad Street, 9th floor
Columbus, Ohio 43215

We have audited the basic financial statements of the State of Ohio in accordance with *Government Auditing Standards* as of and for the year ended June 30, 2011, and have issued our opinion thereon dated January 20, 2012.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of the State of Ohio's financial statement amounts. We will issue the required report on these matters as of and for the year ended June 30, 2012.

The Treasurer of State of Ohio (the "Treasurer" or "Office") is part of the primary government of the State of Ohio. While we have applied audit procedures to the Treasurer's Office, our procedures are designed to detect matters the preceding paragraph describes that could be material to the State's financial statements. Accordingly, these procedures may not detect misstatements, significant control deficiencies, or noncompliance that might be significant to the Treasurer. However, the procedures we performed at the Treasurer's Office did not identify matters we must report in the statewide report *Government Auditing Standards* requires.

As part of our annual audit of the Treasurer, we complete an inventory of the state treasury. The results of this count are summarized below.

ANNUAL INVENTORY OF THE STATE TREASURY

Ohio Revised Code 117.15 states:

Once each year, or more often in his discretion, the auditor of state shall without previous notice audit the accounts and transactions of the office of the treasurer of state, ascertain the condition of the state treasury and the custodial funds of the treasurer of state, and make an inventory of the assets of the state treasury and the custodial funds of the treasurer of state. He shall sign his report and submit one copy each to the treasurer of state, governor, attorney general, and secretary of state. An audit report completed pursuant to this section is not a public record under section 149.43 of the Revised Code until it is submitted to the officers enumerated in this section.

We performed the following procedures in order to comply with the requirement of this Code section:

- We counted all cash, including petty cash, held by the Treasurer of State as of the close of business on June 30, 2011. We reconciled this count to the Treasurer's Daily Ledger Report. We noted no material unexplained variances.

ANNUAL INVENTORY OF THE STATE TREASURY (Continued)

- We counted the assigned value of all cigarette stamps held by the Treasurer as of the close of business on June 30, 2011. We reconciled the count to the Treasurer's Cigarette Tax Indicia Inventory list and found no exceptions.
- We physically inspected all non-negotiable securities held in trust by the Treasurer as custodian for other state agencies as of the close of business on June 30, 2011. We reconciled certain information (record #, certificate account name, CUSIP #, asset description, maturity date, pledge amount, and Agency/division) for the individual securities to the related Securities Held in Trust Agency Collateral Inventory list, and found no differences, except that one security's file did not identify the Agency/division associated with the item.
- We requested confirmation, via confirmation requests or related financial institution statements, of the cash deposit and/or investment account balances, as of June 30, 2011, from the institutions holding the account for those accounts within the state treasury:
 - all the Interim Deposits accounts (both Structured and Regular Non-Special Purpose).
 - a selected number of Special Purpose accounts (60 Small Business deposits, seven Agri-linked deposit, one Bid Ohio deposit, four Eco-Link deposits, one Save Now deposits, and one Renew Ohio).

We compared the values of the individual cash deposit or investments confirmed to the Treasurer's related cash balance on the Trial Balance or investment balance on the internal tracking investment (QED) system. We then agreed the total of the individual investments from the QED system to the summary value on the Daily Ledger Report. We noted no material unexplained variances between the Treasurer's balance and the confirmation/bank statement.

- We confirmed with outside parties the cash and investments balances as of June 30, 2011, of the custodial accounts and reconciled these amounts with the Treasurer of State's accounting records (internal tracking investment (QED) system) and noted no material unexplained variances between the Treasurer's balance and the confirmation/bank statement.

In addition to any matters we would have communicated to you in the reports described above, we remained alert throughout for opportunities to enhance compliance, internal controls, and operating efficiencies. We report there are no instances of noncompliance or internal control weaknesses we believe should be communicated to you.

The scope of our audit included testing procedures related to cash, securities, deposits, investments, revenue, taxes, collateral on lent securities/obligations under securities lending, monitoring of service organizations, bank account reconciliations, GAAP package schedules, Bankmate, QED and the BAM systems, and compliance with certain state laws and regulations for the period July 1, 2010 through June 30, 2011.

On February 10, 2012, we presented a copy of this Management Letter to the Treasurer's management. The Treasurer's Office chose not to provide a written response to this Management Letter.

This letter is intended for the information and use of State of Ohio management and the Ohio General Assembly and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

DAVE YOST
Auditor of State

March 9, 2012

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TREASURER OF STATE OF 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
APRIL 10, 2012