



Mary Taylor, CPA
Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
3321 Mahoning Avenue
Youngstown, Ohio 44509

We have performed the procedures enumerated below, to which the Democratic Executive Committee (the "Committee") agreed, solely to assist the Committee in evaluating its compliance with certain requirements included in Ohio Revised Code Sections 3517.1012, 3517.13(X)(1), 2(b), (3)(a), and (4), 3517.17, and 3517.18, for the year ended December 31, 2009. The Committee is responsible for complying with these requirements. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Cash Receipts

1. We inquired of the Committee whether they deposited all gifts from corporations, labor organizations and all gifts restricted to operations into the same fund into which they deposit amounts received from the State Tax Commissioner. They informed us they did use this fund for all such gifts.
2. We footed each *Statement of Contributions Received* Ohio Revised Code Section 3517.17 requires (Deposit Form 31-A), filed for 2009. We noted no computational errors.
3. We compared bank deposits reflected in 2009 restricted fund bank statements to total deposits recorded in Deposit Forms 31-A, filed for 2009. We noted that the total bank deposits reflected in 2009 restricted fund bank statements were \$1,051 higher than the total deposits recorded in Deposit Forms 31-A as filed.
4. We scanned the Committee's 2009 bank statements and noted they reflected four quarterly payments received from the State Tax Commissioner pursuant to Ohio Revised Code Section 3517.17(A). The Deposit Forms 31-A only reported two of the four quarterly payments received.
5. We scanned other recorded 2009 receipts for evidence that a corporation or labor organization may have exceeded the \$10,000 annual gift limit Ohio Revised Code Section 3517.13(X)(3)(a) imposes. We found no evidence that any corporation or labor organization exceeded this limit.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2009 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Revised Code Section 3517.1012(A). We noted that the total bank deposits reflected in 2009 restricted fund bank statements were \$1,051 higher than the total deposits recorded in Deposit Forms 31-A and the total expenditures reflected in 2009 restricted fund bank statements were \$1,089 higher than the total expenditures recorded in Disbursement Forms 31-B as filed.
2. We agreed the bank balance on the reconciliation to the bank statement balance as of December 31, 2009. The balances agreed.

Cash Disbursements

1. We footed each *Statement of Expenditures* Ohio Revised Code Section 3517.17 requires (Disbursement Form 31-B), filed for 2009. We noted no computational errors.
2. Per Ohio Revised Code Section 3517.13(X)(1), we scanned Disbursement Form 31-B filed for 2009 and inquired of management whether they transferred any cash from the restricted fund to any other political party account into which contributions may be made or from which contributions or expenditures may be made. We found no evidence of prohibited transfers.
3. We compared the amounts on checks or other disbursements reflected in 2009 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-B filed for 2009. We noted that the total bank disbursements reflected in the 2009 restricted fund bank statements were \$1,089 higher than the total disbursement amounts reported on Disbursement Forms 31-B as filed.
4. For each disbursement on Disbursement Forms 31-B filed for 2009, we traced the payee and amount to payee invoices and to the payee's name on canceled checks. The payees and amounts recorded on Disbursement Forms 31-B agreed to the payees and amounts on the canceled checks and invoices.
5. We scanned the payee for each 2009 disbursement for evidence that it might represent a contribution or campaign-related disbursement, both of which Ohio Revised Code Section 3517.13(X)(2)(b) prohibit. We found no evidence that any restricted fund disbursements represented contributions or campaign-related disbursements.
6. We compared the signature on 2009 checks to the list of authorized signatories the Committee provided to us. The signatory on all checks we selected was an approved signatory. We compared the endorsement to the payee listed on the check without exception.
7. We scanned each 2009 restricted fund disbursement recorded on Form 31-B for evidence that it represented a transfer from the restricted fund to any other state or county political party, which Ohio Revised Code Section 3517(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of each disbursement listed on 2009 Disbursement Forms 31-B to the purpose listed on the vendor invoice and to the purposes Ohio Revised Code Section 3517.18 permits.

We found one exception: The Committee issued Check No. 2515 for \$146.00 to the Gathering of the Irish Clans for the purchase of alcoholic beverages.

Cash Disbursements – (Continued)

There was no evidence that the disbursement was for operating and maintenance costs for party headquarters, voter registration programs, administration of party fundraising drives, or voter registration drives. As a result, the disbursement was not for a purpose Ohio Revised Code Section 3517.18(A) permits. In addition, the Auditor of State explained in Auditor of State Bulletin 2003-005 that the Auditor does not view the expenditure of public funds to purchase alcoholic beverages as proper public purpose and will issue a finding for recovery for such expenditures as manifestly arbitrary and incorrect.

In accordance with the foregoing facts and pursuant to Ohio Revised Code section 117.28 a Finding for Recovery for public money illegally expended is hereby issued against the Mahoning County Democratic Party in the amount of \$146.00, and in favor of the restricted funds of the Mahoning County Democratic Party. On March 30, 2010, the Democratic Party's local campaign fund reimbursed the restricted fund for the disbursement.

We were not engaged to, and did not examine each *Statement of Contributions Received* and *Statement of Expenditures* filed for 2009, the objective of which would have been to opine on compliance. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the Secretary of State of Ohio and for the Democratic Executive Committee and is not intended to be and should not be used by anyone else.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 30, 2010



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MAHONING DEMOCRATIC PARTY

MAHONING 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
MAY 6, 2010**