



Dave Yost • Auditor of State

LORAIN COUNTY DEMOCRATIC PARTY
LORAIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
Lorain County
730 North Ridge Road
Lorain, Ohio 44055

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 Rev. 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, 2010. 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. We noted the Committee received no such gifts.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2010. We noted no computational errors, however we did note that Form 31-A, *Statement of Contributions Received* was used instead of Deposit Form 31-CC as required by the ORC.
3. We compared bank deposits reflected in 2010 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2010. The bank deposit amounts agreed to the deposits recorded in the Form. We did note that Form 31-A, *Statement of Contributions Received* was used instead of Deposit Form 31-CC as required by the ORC.
4. We scanned the Committee's 2010 bank statements and noted they did not reflect four quarterly payments received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). The Committee's 2010 bank statements did not report one payment in the amount of \$1,006.42, which was voided by the Ohio Department of Taxation because it was not cashed within 90 days of issuance.
5. We scanned other recorded 2010 receipts for evidence that a corporation or labor organization may have exceeded the \$10,000 annual gift limit Ohio Rev. Code 3517.13(X)(3)(a) imposes. We found no evidence that any corporation or labor organization exceeded this limit.

Cash Reconciliation

1. No reconciliation at December 31, 2010 was prepared for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). There was an outstanding check at December 31, 2010 required to be shown as a reconciling item to reconcile the *Ohio Campaign Finance Report* balance to bank balance.
2. No reconciliation was prepared to agree the balance on hand shown on the *Ohio Campaign Finance Report* to the bank statement balance at December 31, 2010. There was an outstanding check at December 31, 2010 that was required to be shown as a reconciling item to the report balance.
3. There was no reconciliation prepared at December 31, 2010 to agree bank balance to report cash balance. We determined that there was a reconciling item outstanding at December 31, 2010 and reconciled the bank to the cash report balance for a correct cash bank balance.

Cash Disbursements

1. We footed each *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M), filed for 2010. We noted no computational errors, but did note that *Statement of Expenditures* Form 31-B was used as opposed to the required form (Disbursement Form 31-M).
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2010 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, but did note that *Statement of Expenditures* Form 31-B was used as opposed to the required form (Disbursement Form 31-M).
3. We compared the amounts on checks or other disbursements reflected in 2010 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2010. We found no discrepancies, but did note that *Statement of Expenditures* Form 31-B was used as opposed to the required form (Disbursement Form 31-M). It was noted that the Committee paid \$30 in non-sufficient funds (NSF) costs, \$35 in overdraft costs and \$60 in FDIC costs.
4. For each disbursement on Disbursement Forms 31-M filed for 2010, 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-M agreed to the payees and amounts on the canceled checks and invoices. It was noted that two payroll checks were prepared by, paid to, and endorsed by the same individual. It was also noted that *Statement of Expenditures* Form 31-B was used as opposed to the required form (Disbursement Form 31-M).
5. We scanned the payee for each 2010 disbursement for evidence that it might represent a contribution or campaign-related disbursement, both of which Ohio Rev. Code 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 2010 checks to the list of authorized bank 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, noting that two payroll checks were prepared by, paid to, and endorsed by the same individual.

7. We scanned each 2010 restricted fund disbursement recorded on Form 31-M for evidence that it represented a transfer from the restricted fund to any other state or county political party, which Ohio Rev. Code 3517(X)(4) prohibits. We found no evidence of any transfers. It was noted that *Statement of Expenditures* Form 31-B was used as opposed to the required form (Disbursement Form 31-M).
8. We compared the purpose of each disbursement listed on 2010 Disbursement Forms 31-M to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits.

We found three exceptions: The Committee issued Check No. 1062 and 1063 for \$450.00 each check to Eddie Slay, for rent of Committee Headquarters. No lease agreement was provided to support these expenditures. The Committee issued Check No. 1068 to John Giovannazzo for \$180 for quarterly payroll preparation. No invoice was provided to support this expenditure.

We were not engaged to, and did not examine each *Statement of Political Party Restricted Fund Deposits* and *Statement of Political Party Restricted Fund Disbursements* filed for 2010, 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 an Executive Committee and is not intended to be and should not be used by anyone else.



Dave Yost
Auditor of State

March 29, 2011

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LORAIN DEMOCRATIC PARTY

LORAIN 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 12, 2011