

MADISON COUNTY REPUBLICAN PARTY

MADISON COUNTY

**JANUARY 1, 2018 TO DECEMBER 31, 2018
AGREED-UPON PROCEDURES**

OHIO AUDITOR OF STATE KEITH FABER



Executive Committee
Madison County Republican Party
8505 Glen View Drive
Plain City, OH 43064

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Madison County Republican Party, prepared by Julian & Grube, Inc., for the period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable.

Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The use of public funds to purchase alcohol will be considered arbitrary and incorrect and will be cited by the Auditor of State's Office, unless the purchase meets the exceptions as outlined in Auditor of State Bulletins 2014-002 and 2014-003, which state that a county agricultural society may use moneys provided by the state, county, or "other sources" to acquire alcoholic beverages and a liquor permit to sell the beverages at an event that is open to the public and conducted on the society's or county's fairgrounds.

On January 16, 2018, the Madison County Republican Central Committee paid \$150 to the State of Ohio Division of Liquor Control for a liquor permit from the bank account in which restricted monies from the State Tax Commissioner are deposited. The permit was for a March 1, 2018 fundraising event at the St. Patrick's Parish Activity and Recreation Center. This purchase does not meet the exception outlined in Auditor of State Bulletins 2014-002 and 2014-003.

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In accordance with the forgoing facts, and pursuant to **Ohio Revised Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against the Madison County Republican Party, in the amount of \$150, in favor of the Restricted Fund.

The Finding for Recovery was repaid in full with unrestricted monies of the Madison County Republican Central Committee to the Madison County Republican Party Restricted Fund and deposited on April 8, 2019.

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. The Madison County Republican Party is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

May 2, 2019



Julian & Grube, Inc.

Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Republican Executive Committee
Madison County
8505 Glen View Drive
Plain City, OH 43064

We have performed the procedures enumerated below, which were agreed to by the Republican Executive Committee, the management of the Madison County Republican Executive Committee (the Committee), the Secretary of State and the Auditor of State, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2018, included in the information provided to us by the management of the Committee. The Committee is responsible for the compliance of those requirements related to receipts, disbursements and restricted funds. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

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 and the Ohio State Executive Committee of the Republican Party. They informed us they did use this fund for all 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 2018. We found no computational errors.
3. We compared bank deposits reflected in 2018 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2018. The bank deposits agreed to the deposits recorded in the Form.
4. We inspected the Committee's 2018 bank statements and they did not reflect four quarterly payments received from the State Tax Commissioner and the Ohio State Executive Committee of the Republican Party pursuant to Ohio Rev. Code 3517.17(A), as they were not distributed. The Deposit Forms 31-CC did not report three payments in the amount of \$10.18, \$16.50 and \$0.26, respectively, as only one was distributed.
5. We inspected other recorded 2018 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.
6. Ohio Rev. Code 3517.1012 requires the Party to file Forms 31-CC electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We viewed Forms 31-CC submitted for 2018 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2018 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). We found no computational errors.
2. We agreed the bank balance on the reconciliation to the bank statement balance as of December 31, 2018. The balances agreed.
3. There were no reconciling items on the December 31, 2018 cash reconciliation.

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 2018. No exceptions were found as a result of applying the procedure.
2. Per Ohio Rev. Code 3517.13(X)(1), we inspected Disbursement Form 31-M filed for 2018 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 haphazardly selected 9 disbursement transactions and we compared the amounts on checks or other disbursements reflected in 2018 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2018. We found no discrepancies.
4. We haphazardly selected 9 disbursement transactions on Disbursement Forms 31-M filed for 2018, 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.
5. We inspected the payee for each 2018 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 2018 checks to the list dated 2018 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 inspected each 2018 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 3517.13(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of the disbursements we selected in step 3 above listed on 2018 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 one exception: The Committee issued Check No. 1107 for \$150.00 to the Division of Liquor Control for a liquor permit to sell and dispense alcohol for a dinner event. The purchase of a permit for alcohol is not a proper use of funds that Ohio Rev. Code Section 3517.18 permits.
9. Ohio Rev. Code 3517.1012 requires the Party to file Forms 31-M electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We viewed Forms 31-M submitted for 2018 on the Secretary of State's website.

Secretary of the State of Ohio
Republican Executive Committee
Independent Accountant's Report on
Applying Agreed-Upon Procedures
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This agreed-upon procedures engagement was conducted in accordance with the *American Institute of Certified Public Accountants attestation standards and applicable attestation standards included in the Comptroller General of the United States' Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2018. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is to provide assistance in evaluation of the Committee's 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, 2018. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
April 3, 2019

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OHIO AUDITOR OF STATE KEITH FABER



MADISON COUNTY REPUBLICAN PARTY

MADISON 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 23, 2019**