



**Auditor of State  
Betty Montgomery**



FRANKLIN COUNTY REPUBLICAN PARTY  
FRANKLIN COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio  
Republican Executive Committee  
Franklin County  
14 East Gay Street, 2<sup>nd</sup> Floor  
Columbus, OH 43215

We have performed the procedures enumerated below, to which the Republican 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, 2005. 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. 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 Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2005. We noted no computational errors.
3. We compared bank deposits reflected in 2005 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2005. The following exception was noted
  - The Committee did not report any receipts prior to April 8, 2005 on its 31-CC Report. This represented \$2.20 in receipts.
4. We confirmed amounts received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A), and agreed them to amounts shown on Deposit Forms 31-CC filed for 2005. The following exception was noted.
  - The first warrant issued to the Committee from the Ohio political party fund on January 13, 2005 for \$360.85 was not deposited by the Committee and subsequently was voided by the State.
5. We scanned other recorded 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 Receipts (Continued)**

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 2005 on the Secretary of State's website.

### **Cash Reconciliation**

1. We recomputed the mathematical accuracy of the December 31, 2005 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). The following exceptions were noted:
  - The beginning balance reported by the Committee was \$0.00. The actual beginning balance was \$3,516.65.
  - The total receipt amount reported by the Committee was \$107,042.95. The actual receipt amount was \$107,045.15.
  - The total disbursement amount report by the Committee was \$104,857.27. The actual disbursement amount was \$108,376.12.
2. We agreed the bank balance on the reconciliation to the bank statement balance as of December 31, 2005. The following exception was noted:
  - The Committee's reconciliation had an ending balance of \$1,027.46. The balance on the bank statement was \$3,173.12.
3. We agreed reconciling items in excess of \$100 appearing on the reconciliation to canceled checks, deposit slips and bank statements. The following exceptions were noted:
  - The Committee's reconciliation reported \$1,841.78 in outstanding checks. \$854.34 of these checks were not written until after December 31, 2005.
  - The Committee's reconciliation reported \$3,000.00 in deposits in transit. None of these deposits were received prior to December 31, 2005.

### **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 2005. We noted no computational errors.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M 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 2005 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2005.

### Cash Disbursements (Continued)

4. Using non-statistical sampling we selected 30 disbursement transactions for 2005 using haphazard selection. For each disbursement selected from Disbursement Form 31-M, we traced the payee and amount to payee invoices and to the payee's on canceled checks. The payees and amounts recorded on Disbursement Form 31-M agreed to the payees and amounts on the canceled checks and invoices. The following exception was noted:
  - Ohio Revised Code Section 3517.1012, states "the [political] party is required to file statements of contributions and expenditures, regarding all deposits made into, and all disbursements made from, the party's restricted fund". The Committee did not include disbursements made prior to April 8, 2005 on its 31-M report.
5. We scanned the payee for each 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 2005 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 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 3517.137(X)(4) prohibits. The following was noted:
  - The Committee paid \$323 from the restricted fund to the State Republican Party. These funds were given to the operating fund of the State Party to cover cost of health insurance for some employees.
8. We compared the purpose of the disbursements we selected in step 3 above listed on Disbursement Forms 31-M, filed for 2005, to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits. The following exceptions were noted:
  - On September 13, 2005, the Franklin County Republican Party held a tribute dinner for its long time legal counsel. A photograph of the Statehouse was presented to this person as an expression of appreciation for years of volunteer service. This photograph was purchased from the Ohio Statehouse Museum on September 13, 2005 with the Committee credit card for \$50.56. Gifts to volunteers are considered impermissible expenditures from the restricted fund.
  - On September 15, 2005, a Franklin County Republican Party gathering was held at an individual's home. A briefing to party supporters was presented. Flowers were then sent expressing appreciation for hosting the gathering. These flowers were purchased from 1-800-Flowers.com with the Committee credit card for \$75.42. Gifts to volunteers are considered impermissible expenditures from the restricted fund.
  - On September 19, 2005, a meeting of Franklin County Republican Party volunteers was conducted at Franklin County headquarters to plan a September 20, 2005 meeting of the Central Committee. Sandwiches were purchased at the meeting from Skambo's with the Committee credit card for \$40.50. Giving a dinner for persons who contribute either financially or through volunteering is not a permissible use of the restricted fund.

### **Cash Disbursements (Continued)**

- On September 21, 2005, a Franklin County Republican Party volunteer who assisted with the planning of the September 13, 2005 tribute dinner was given a \$50 gift certificate as an expression of appreciation for her help. This gift certificate was purchased from Shane's Gourmet Market with the Committee credit card. Gift certificates given to volunteers for their help are considered impermissible expenditures from the restricted fund.
- For Franklin County Republican Party presentations, cardboard cutout of police officers, firemen and John Kerry were purchased as visual aids to demonstrate how funds in the Columbus City budget could be reallocated from certain administrative employees to essential service workers, allowing for an increase in the essential service workforce. These visual aids were purchased from HSS Wholesale on October 11, 2005 with the Committee credit card for \$287.54. Money spent to further the election or defeat of any particular candidate or influence the outcome of an election or issue is expressly prohibited under ORC 3517.18(B).
- In October 2005 a former Franklin County Republican Party Vice-Chairman underwent surgery. Flowers were sent in connection with the surgery as an expression of appreciation. These flowers were purchased from 1-800-Flowers.com with the Committee credit card for \$59.76. Gifts to volunteers are considered impermissible expenditures from the restricted fund.
- A Franklin County Republican Party volunteer provided computer and projection assistance in connection with Franklin County Republican Party meetings. Flowers were sent to this volunteer as an expression of appreciation of her work. These flowers were purchased from 1-800-Flowers.com with the Committee credit card for \$65.10. Gifts to volunteers are considered impermissible expenditures from the restricted fund.
- On October 14, 2005, coffee was purchased for college interns working at the Political Party Headquarters. The coffee was purchased from Café Briosso with the Committee credit card for \$9.49. Gifts to volunteers are considered impermissible expenditures from the restricted fund.
- On October 25, 2005 a meeting of the Franklin County Republican Party Committee was held at the headquarters and sandwiches were purchased. The sandwiches were purchase from Skambo with the Committee credit card for \$43.00. Giving a dinner for persons who contribute either financially or through volunteering is not a permissible use of the restricted fund.
- In a letter dated July 31, 2006, Brian Metzbower, Political Director and authorized signatory for the Restricted Account of the Committee, stated that the Committee wished to reimburse the Restricted Fund from the Party's General Fund for all expenditures in question along with all unsupported expenditures. These expenditures include all of the expenditures outlined above and \$865.72 of unsupported credit card expenditures. In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28 a Finding for Recovery for public money illegally expended is hereby issued against the Republican Party in the amount of \$1,547.09, and in favor of the restricted funds of the Franklin County Republican Party. The Party repaid the restricted funds \$1,547.09 on July 13, 2006.



**Cash Disbursements (Continued)**

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 2005 on the Secretary of State's website.

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 2005, 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 Republican Executive Committee and is not intended to be and should not be used by anyone else.



**Betty Montgomery**  
Auditor of State

August 25, 2006





**Auditor of State  
Betty Montgomery**

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**REPUBLICAN PARTY**

**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  
SEPTEMBER 28, 2006**