



Mary Taylor, CPA
Auditor of State

**DEMOCRATIC PARTY
BELMONT COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Party Executive Committee
Belmont County
3785 Lincoln Avenue
Shadyside, Ohio 43947

We have performed the procedures enumerated below, to which the Democratic Party 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, 2007. 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. We noted \$1,500 of contributions from corporations and labor unions that did not get deposited into the restricted fund. The contributions were commingled with other deposits in the one bank account used by the Committee. Four of eight checks reviewed did not state a purpose in the memo section of the check. The other four checks noted "for J & J Dinner" in the memo section of the check. The Party did not maintain any other information for these checks. Therefore, we could not determine if four of the eight checks reviewed were a gift or for the J & J Dinner.

Ohio Rev. Code Section 3517.1012(A)(1) requires that each state and county political party shall establish a restricted fund that is separate from all other accounts of the political party.

Ohio Rev. Code Section 3517.1012(A)(2) states that a state or county political party shall deposit into its restricted fund all public moneys received from the Ohio political party fund under Section 3517.17 of the Revised Code and all gifts that are made to or accepted by the political party from a corporation or labor organization subject to the applicable limitations prescribed in division (X) of Section 3517.13 of the Revised Code. A state or county political party may deposit into its restricted fund any gifts that are made to or accepted by the political party from a source other than a corporation or labor organization.

Ohio Rev. Code Section 3517.1012(A)(3) states that moneys in a state or county political party's restricted fund may be disbursed to pay costs incurred for any of the purposes specified in division (A) of Section 3517.18 of the Revised Code.

Cash Receipts (Continued)

1. Ohio Rev. Code Section 3517.1012(B) states that except as otherwise provided in this division, a state or county political party shall file deposit and disbursement statements, in the same manner as the party is required to file statements of contributions and expenditures under Section 3517.10 of the Revised Code, regarding all deposits made into, and all disbursements made from, the party's restricted fund. Deposit and disbursement statements filed in accordance with this division by a county political party shall be filed by electronic means of transmission to the office of the secretary of state at the times specified in division (A) of Section 3517.10 of the Revised Code for the filing of statements of contributions and expenditures if the county political party accepts gifts from a corporation or labor organization under division (A)(2) of this Section.

Ohio Admin. Code Section 111-5-14 states, in part, that the treasurer of a political party shall fulfill all record-keeping duties as set forth in this rule. Division (A) states that an account of contributions shall be kept, by any reasonable accounting procedure, of all contributions received by or on behalf of the entity, regardless of the amount of the contribution received or the circumstances of where the contribution was received. The account shall include the name and street address of the contributor, the date the contribution was received, the form in which the contribution was received, and the amount of the contribution. Division (B) states that an account shall be kept of all expenditures made by or on behalf of a campaign committee, political action committee, ballot issue committee, political contributing entity, political party, or legislative campaign fund. Such account shall consist of a record of all of the following: (1) The name and address of every person or entity to whom any expenditure is made; (2) The date, amount, and purpose of the expenditure.

The Belmont County Democratic Party failed to keep restricted funds collected under Ohio Rev. Code Section 3517.1012 in a separate fund as required by statute. Instead, these restricted funds were commingled with other campaign funds. Additionally, the Party failed to keep a ledger, or any supporting documentation, recording the deposits and expenditures into the fund. The failure to maintain separate funds, and adequate support for deposits and expenditures could result in a loss of accountability over the Party's finances, making it difficult to identify errors which could go undetected, and possibly result in the expenditure of restricted monies for an improper purpose. Also, the Party failed to maintain additional information on checks received from corporations and labor unions noting the purpose of such checks. Effective July 23, 2008, the Party reestablished two bank accounts, one bank account for restricted monies and one bank account for local party activity.

2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2007. The Committee filed Deposit Form 31-A instead of Deposit Form 31-CC. We noted no computational errors.
3. We compared bank deposits reflected in 2007 restricted fund bank statements to total deposits recorded in *Statement of Political Party Restricted Fund Deposits* (Deposit Form 31-CC) filed for 2007. The Committee filed Deposit Form 31-A instead of Deposit Form 31-CC. We noted the amount reported on Deposit Form 31-A was understated by \$0.69 bank interest and \$2.97 check from the State Tax Commissioner. Effective July 1, 2007, the Committee combined the restricted bank account with the unrestricted bank account to create one bank account. From July 1, 2007 forward, the Committee commingled deposits and did not differentiate between restricted monies and unrestricted monies.

Cash Receipts (Continued)

4. We scanned the Committee's 2007 bank statements and noted they reflected two quarterly payments instead of four quarterly payments from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). The Committee filed Deposit Form 31-A instead of Deposit Form 31-CC. The Deposit Form 31-A properly reported the second quarter payment in 2007. The Treasurer did not report on Deposit Form 31-A the first quarter payment of \$2.79 that was deposited in the bank account by the Political Party on January 24, 2007.

The Committee did not receive the third quarter (July 2007) and fourth quarter (October 2007) payments due to failure to file a W-9 with the Office of Budget and Management (OBM). We recommend the Committee contact OBM and complete the appropriate form to receive future quarterly payments from the State Tax Commissioner pursuant to Ohio Rev. Code Section 3517.17(A).

5. We scanned 2007 bank statement deposits 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 Form 31-CC electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We accessed the Secretary of State's website and the Committee did not electronically file Form 31-CC. The following labor organizations donated funds to the political party or purchased tickets to the J & J dinner: United Mine Workers - \$250; Belmont-Monroe Counties AFL-CIO - \$400; Upper Ohio Valley Building Trades - \$250; AFSCME Local 3285 - \$150; 3SG Corporation - \$200; Local Union 1238 - \$100; United Steel Workers/America - \$150; and, The Ohio Valley Printing Company - \$25, for a cumulative total of \$1,525. The Party did not provide detailed information, other than a notation in the memo area of the check, to allow us to determine if these were contributions for local candidates, state candidates or for tickets to the J&J dinner; therefore, we could not determine if these contributions should have been reported electronically.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2007 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). The line item *Amount brought forward from last report* on Form 30-A did not agree to the line item *Balance on hand at December 31, 2006* on the previous year Form 30-A. The opening balance was understated by \$61.31. We found no computational errors in the December 31, 2007 reconciliation.
1. We agreed the bank balance on the reconciliation prepared by treasurer to the bank statement balance as of December 31, 2007. As stated in Cash Receipts, item 1, the Committee combined the restricted bank account and the unrestricted bank account. The combined December 31, 2007 reconciliation bank balance agreed to the bank statement balance as of December 31, 2007.
3. There were no reconciling items listed on the reconciliation to test.

Cash Disbursements

1. We footed the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M), filed for 2007. The Committee filed Form 31-B instead of Form 31-M. We noted no computational errors on Form 31-B.
2. Per Ohio Rev. Code Section 3517.13(X)(1), we scanned Disbursement Form 31-B filed for 2007 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 restricted and unrestricted monies were commingled in one bank account from July 1, 2007 to December 31, 2007 (See Cash Receipts, item #1).
3. We compared the amounts on checks or other disbursements reflected in 2007 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-B filed for 2007. We noted check #1172 was written in the amount of \$107.00 but improperly recorded on the Form 31-B in the amount of \$53.50. Also, the Form 31-B included 2 checks which were 2008 expenditures. Check #1186 for \$82.00 and check #1188 for \$107.00 should not have been included on Form 31-B for 2007. Due to the cumulative effect of the posting errors on Form 31-B, the expenditures were overstated by \$135.50.
4. For each disbursement on Disbursement Form 31-B filed for 2007, we traced the payee and amount to payee invoices and to the payee's name on canceled checks. Check number #1172 was listed on Form 31-B as \$53.50 and did not agree to the invoice and cancelled check which was written in the amount of \$107.00.
5. We scanned the payee for each 2007 disbursement for evidence that it might represent a contribution or campaign-related disbursement, both of which Ohio Rev. 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 2007 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 2007 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 Rev. Code Section 3517(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of each disbursement listed on 2007 Disbursement Forms 31-B to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits. We found no instances where the purpose described on the invoice violated the restrictions of Ohio Rev. Code Section 3517.18.
9. Ohio Rev. Code Section 3517.1012 requires the Party to file Form 31-M electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We accessed the Secretary of State's website and the Committee did not electronically file Form 31-M. The following labor organizations wrote checks to the political party to either (1) purchase tickets to the J & J dinner or (2) provide a gift to the Party. The source of the checks and the amounts were as follows: United Mine Workers \$250.00, Belmont-Monroe Counties AFL-CIO \$400.00, Upper Ohio Valley Building Trades \$250.00, AFSCME Local 3285 \$150.00, 3SG Corporation \$200.00, Local Union 1238 \$100.00, United Steel Workers/America \$150.00 and The Ohio Valley Printing Company \$25.00, for a cumulative total of \$1,525.

Cash Disbursements (Continued)

9. The Party did not provide detailed information, other than a notation in the memo area of the check, to allow us to determine if these were contributions for local candidates, state candidates or for tickets to the J & J dinner; therefore, we could not determine if these contributions should have been reported electronically.

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 2007, 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 Party Executive Committee and is not intended to be and should not be used by anyone else.



Mary Taylor, CPA
Auditor of State

August 5, 2008



Mary Taylor, CPA
Auditor of State

DEMOCRATIC PARTY

BELMONT 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 18, 2008**