



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
Stark County
4220 12th Street NW
Canton, Ohio 44708

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, 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 Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), 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-CC filed for 2009. The bank deposit amounts agreed to the deposits recorded in the Form.
4. We scanned the Committee's 2009 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 Deposit Forms 31-CC reported the sum of two of the four payments. We reviewed the Committee's 2009 bank statements, noting only two deposits were reflected from the State Tax Commissioner. Of the two payments from the State Tax Commissioner that were not reflected on Deposit Form 31-CC or the bank statements one was determined to be voided and not reissued (check #94991 in the amount of \$1,223.50) and the other was deposited in an incorrect account (check #125530 in the amount of \$27.36).
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 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 noted the party received a contribution from a corporation; however, per review of the Secretary of State website, the Party had not filed form 31-CC electronically.

Electronic filing is required if the Committee received gifts from corporations or labor organizations.

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 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, 2009. The balances agreed.
3. There were no reconciling items as of December 31, 2009.

Cash Disbursements

1. The *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, we footed the *Statement of Expenditures* (Form 31-B), which was filed for 2009 instead. We noted no computational errors.

Ohio Rev. Code Section 3517.17 requires a political party to deposit into its restricted fund all public moneys received from the Ohio Political Party Fund. Ohio Rev. Code Section 3517.10(C)(6)(b) indicates the secretary of state shall prescribe the form for all statements required to be filed under this section. As prescribed by the Ohio Secretary of State, the Committee is required to use the *Statement of Political Party Restricted Fund Disbursements* (Disbursement Form 31-M revised March 2005) to report all disbursements from the Ohio Political Party Fund.

2. As noted in Step 1 above, the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, per Ohio Rev. Code 3517.13(X)(1) we scanned the *Statement of Expenditures* (Form 31-B) which was filed for 2009 instead, 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. As noted in Step 1 above, the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, we compared the amount of the disbursement reflected in 2009 restricted fund bank statements to the disbursement amount reported on the *Statement of Expenditures* (Form 31-B), which was filed for 2009 instead. We found no discrepancies.

Cash Disbursements (Continued)

4. As noted in Step 1 above, the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, for each disbursement on the *Statement of Expenditures* (Form 31-B) which was 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 Statement of Expenditures Form 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 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 2009 checks to the list dated July 19, 2005 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. As noted in Step 1 above, the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, we scanned the 2009 restricted fund disbursement recorded on the *Statement of Expenditures* (Form 31-B) which was filed for 2009 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. As noted in Step 1 above, the *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M) was not filed for 2009. Therefore, we compared the purpose of the disbursement listed on the *Statement of Expenditures* (Form 31-B), which was filed in 2009 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 violated the restrictions of Ohio Rev. Code Section 3517.18.
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 noted the party received a contribution from a corporation; however, per review of the Secretary of State's website, the party had not filed form 31-M electronically.

Electronic filing is required if the Committee receives gifts from corporations or labor organizations.

Officials' Response:

Cash Receipts: Treasurer will seek to have check #94991 re-issued in order for the Party to obtain the \$1,223.50 quarterly allocation that was voided by the State of Ohio. The Party never received the check in question and until notification by the Auditor of State no knowledge of any check existed.

Treasurer working with the office staff did resolve the State of Ohio check #125530 in the amount of \$27.36 by reimbursing the restricted fund for the erroneous deposit.

In the future, the Treasurer will review monthly all deposits.

Officials' Response: (Continued)

Filing requirements: The Treasurer has registered with the Secretary of State to file all future Restricted Account filing requirements electronically. This step will serve to solve all issues regarding: Cash Receipts and Cash Disbursements using Statement of Expenditure form 31-B vs. 31-M and the related electronic filing requirements.

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 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

April 29, 2010



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DEMOCRATIC PARTY

STARK 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
JUNE 29, 2010**