



Dave Yost • Auditor of State



**DEMOCRATIC POLITICAL PARTY  
MORROW COUNTY**

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

Secretary of State of Ohio  
Democratic Executive Committee  
Morrow County  
6113 Township Road 21  
Marengo, Ohio 43334

We have performed the procedures enumerated below, to which the Democratic Executive Committee, Morrow County, Ohio (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, 2012. 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. Management informed us they received no such gifts.
2. The Committee did not file the required *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.1012(B) requires (Deposit Form 31-CC). Rather, the Committee filed the *Ohio Campaign Finance Report* (Form 30-A) and *Statement of Contributions Received* (Form 31-A) with the Morrow County Board of Elections. Therefore, we footed the *Statement of Contributions Received* (Form 31-A), filed for 2012. We noted no computational errors.

Ohio Rev. Code Section 3517.17 requires a political party to deposit into its restricted fund, all public monies received from the Ohio Political Party Fund. Ohio Rev. Code Section 3517.1012(B) states, in part, that a 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. Ohio Rev. Code Section 3517.10(C)(6)(b) states they 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 Deposits* (Deposit Form 31-CC) to report all receipts from the Ohio Political Party Fund. This file should be used to file future annual reports.

### Cash Receipts (Continued)

3. We scanned the Committee's 2012 bank statements through October 2012 and noted they did not reflect four quarterly payments received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). One payment in the amount of \$0.78 was deposited into the Committee's unrestricted account as a result of the Committee closing out their restricted fund account in October 2012. The *Statement of Contributions Received* (Form 31-A) did not report two payments in the amount of \$1.73 and \$0.78, respectively.

Ohio Rev. Code Section 3517 requires a political party to deposit into its restricted fund, all public monies received from the Ohio Political Party Fund. All future payments received from the State Tax Commissioner should be deposited into the Committee's restricted account.

4. We scanned other recorded 2012 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. There was no cash balance at December 31, 2012 due to the Committee closing the restricted fund bank account in October 2012. Accordingly, there was no cash reconciliation for December 31, 2012.

### Cash Disbursements

1. We requested copies of each *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M). The Committee did not file the required Form 31-M, rather they filed the *Ohio Campaign Finance Report* (Form 30-A) and the *Statement of Expenditures* (Form 31-B). Therefore, we footed the *Statement of Expenditures* (Form 31-B) filed for 2012.

Pursuant to Ohio Rev. Code Section 3517.18 and 3517.1012, the Committee is required to use Disbursement Form 31-M to report all expenditures from the Ohio Political Party Fund.

2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-B filed for 2012 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 noted the Committee transferred \$50.21 from the restricted fund to an unrestricted political party account upon the close out of the restricted account.

Ohio Rev. Code Section 3517.13 (X)(1) states that no state or county political party shall transfer any moneys from its restricted fund to any account of the political party into which contributions may be made or from which contributions or expenditures may be made.

3. We compared the amounts on checks or other disbursements reflected in 2012 restricted fund bank statements through October 2012 to disbursement amounts reported on Disbursement Form 31-B filed for 2012. We found no discrepancies.
4. For each disbursement on Disbursement Form 31-B filed for 2012, we traced the payee and amount on the canceled check to payee invoices without exception.

**Cash Disbursements (Continued)**

5. We scanned the payee for each 2012 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 scanned each 2012 restricted fund disbursement recorded on Disbursement 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 3517(X)(4) prohibits. We found no evidence of any transfers.
7. We compared the purpose of each disbursement we selected in step 3 above listed on Disbursement Form 31-B statements to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits.

We found one exception. On October 18, 2012, the Committee issued a bank cashier's check from the restricted account, including monies from the Ohio Political Party Fund to Hartman Printing Company. The check, in the amount of \$744, was issued for printing related costs for informational mailers regarding two candidates running for election. Pursuant to Ohio Rev. Code Section 3517.18(B)(1)(a), moneys from the Ohio Political Party Fund shall not be used to further the election or defeat of any particular candidate or to influence directly the outcome of any candidate or issue election;

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Democratic Executive Committee in the amount of \$744 and in favor of the Party's restricted fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Party Treasurer, Richard Sears, signed the warrant resulting in improper payment. Accordingly, Mr. Sears will be jointly and severally liable in the amount of \$744 and in favor of the Committee's restricted fund.

On April 2, 2013, the Democratic Executive Committee's unrestricted political party account reimbursed the restricted fund in the amount of \$794.21 for the disbursement noted above and for the transfer of \$50.21, which had been deposited into the unrestricted political party account upon the close-out of the restricted account in October 2012.

We were not engaged to, and did not examine each *Statement of Contributions Received* and *Statement of Expenditures* for 2012, 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 black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

March 20, 2013



# Dave Yost • Auditor of State

**MORROW COUNTY DEMOCRATIC PARTY**

**MORROW 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 23, 2013**