



Mary Taylor, CPA
Auditor of State

DEMOCRATIC PARTY
ERIE COUNTY

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
1218 Maple Avenue
Sandusky, Ohio 44870

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, 2008. 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 2008. We noted no computational errors.
3. We compared bank deposits reflected in 2008 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2008. The bank deposit amounts did not agree to the deposits recorded in the Form for the period ending June 30, 2008 because duplicate amounts were included in the Form. The bank deposit amounts agreed to the deposits recorded in the Form for the period ending December 31, 2008.
4. The party did not receive payments from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). Funds were not distributed to the party in 2008 because the party did not obtain an OAKS vendor number until 2009.
5. We scanned other recorded 2008 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 2008 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2008 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, 2008. The balances agreed.

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 2008. We noted no computational errors.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2008 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 2008 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2008. We noted check number 117 dated January 29, 2008 in the amount of \$423.02 and check number 133 dated June 6, 2008, in the amount of \$110.21 were omitted from the Form. No other discrepancies were found.
4. For each disbursement on Disbursement Forms 31-M filed for 2008, 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. We were unable to trace the payee name to canceled checks numbered 118 and 120 because canceled checks were not provided.
5. We scanned the payee for each 2008 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 2008 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 with no exception other than check numbers 118 and 120 because canceled checks were not provided.
7. We scanned each 2008 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(X)(4) prohibits. We found no evidence of any transfers.
8. Ohio Revised Code § 3517.18 lists the types of permissible expenditures from political party fund monies. This section states as follows:
 - (A) A political party receiving moneys from the Ohio political party fund may expend the moneys only for the following purposes:
 - (1) The defraying of operating and maintenance costs associated with political party headquarters, including rental or leasing costs, staff salaries, office equipment and supplies, postage, and the purchase, lease, or maintenance of computer hardware and software;

Cash Disbursements (Continued)

- (2) The organization of voter registration programs and get-out-the-vote campaigns and the costs associated with voter registration and get-out-the-vote activities, including, but not limited to, rental costs for booth spaces at fairs, festivals, or similar events if voter registration forms are available at those booths, printing costs for registration forms, mailing costs for communications soliciting voter registration, and payments for the services of persons conducting voter registration and get-out-the-vote activities;
 - (3) The administration of party fund-raising drives;
 - (4) Paid advertisements in the electronic or printed media, sponsored jointly by two or more qualified political parties, to publicize the Ohio political party fund and to encourage taxpayers to support the income tax checkoff program;
 - (5) Direct mail campaigns or other communications with the registered voters of a party that are not related to any particular candidate or election;
 - (6) The preparation of reports required by law.
- (B) (1) Moneys from the Ohio political party fund shall not be used for any of the following purposes:
- (a) To further the election or defeat of any particular candidate or to influence directly the outcome of any candidate or issue election;
 - (b) To pay party debts incurred as the result of any election;
 - (c) To make a payment clearly in excess of the market value of the item or service that is received for the payment.
- (2) Moneys from the Ohio political party fund that are used as rental costs for booth spaces at fairs, festivals, or similar events, at which candidates are present or informational materials about candidates are available, are not used in violation of division (B)(1)(a) of this section if voter registration forms also are available at those booths and booth space is available for use by all candidates of the party renting the booth.
- (C) If there is a question about the legitimacy of a party expenditure of public moneys, a designated agent of a political party receiving moneys from the Ohio political party fund may request the Ohio elections commission for an advisory opinion on the matter prior to making an expenditure of those public moneys. The commission shall afford the highest priority to a request made under this division.

We compared the purpose of each disbursement listed on 2008 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 the following exceptions:

The Committee issued check number 126 on May 21, 2008 in the amount of \$50.00 to the Vermilion Chamber of Commerce, check number 138 on July 17, 2008 in the amount of \$100.00 to the Berlin Heights Basket Festival, and check number 140 on July 21, 2008 in the amount of \$200.00 to the Vermilion Chamber of Commerce. The purpose of these disbursements was for participation in parades held in conjunction with festivals. Supporting documentation included with the disbursement contained requested announcements to be read as the procession passed the main stage. The announcements solicited support for the Democratic Party and Democratic candidates for County Commissioner, County Clerk of Courts, and State Representative. As stated above, ORC § 3517.18(B)(1)(a) provides, in part, that 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.

Cash Disbursements (Continued)

The Committee issued check number 132 on June 16, 2008 in the amount of \$135.00 to the Vermilion Photojournal for publication of an ad in the Fish Festival Edition of the Vermilion Photojournal. As stated above, ORC § 3517.18(A)(4) permits paid advertisements in the electronic or printed media, sponsored jointly by two or more qualified political parties, to publicize the Ohio political party fund and to encourage taxpayers to support the income tax checkoff program. Supporting documentation was limited to the receipt received from the Vermilion Photojournal therefore sufficient evidence was not provided to support this expenditure was permissible under the above section. Additionally, the Erie County Democratic Party was otherwise unable to demonstrate that such advertisements met the statutory requirements.

The Committee issued check number 122 on April 14, 2008 to Amy Grubbe in the amount of \$177.45, \$106.45 of which was to reimburse the purchase of a Dahlia Oil Lamp for Clarence Seavers' Memorial service. Check number 125 was issued on May 1, 2008 to Joanne Harris in the amount of \$33.75 to reimburse pizza purchased for a candidates meeting; check number 127 was issued on May 21, 2008 to Amy Grubbe in the amount of \$22.29 to reimburse pop and water purchased for a candidates meeting; check number 129 was issued on May 30, 2008, to Paul Farrar in the amount of \$34.45 to reimburse materials purchased to make parade signs; check number 130 was issued on May 30, 2008, to Amy Grubbe in the amount of \$89.40 to reimburse mileage, tolls, and meal expenses associated with attendance at State Senate #2 candidates meeting; and check number 136 was issued on June 19, 2008 in the amount of \$83.96, \$29.31 represented reimbursement for parade items, float decorations, and water at the Fish Festival, and \$54.65 represented reimbursement for mileage and tolls to attend a meeting with Congresswoman Marcy Kaptur. As stated above, expenditures of political party fund monies are limited to expenditures for operating and maintenance costs for party headquarters, voter registration programs, administration of party fundraising drives, or voter registration drives. The Erie County Democratic Party was unable to demonstrate that these disbursements met the statutory requirements.

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 Linda Miller-Moore, Treasurer, Erie County Democratic Party in the amount of \$855.30 in favor of the political party's restricted fund of the Erie County Democratic Party.

On May 20, 2009, the Committee issued check number 175 from the private party operating checking account to repay the Erie County Democratic Party's restricted fund.

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 2008 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 2008, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 3, 2009



Mary Taylor, CPA
Auditor of State

ERIE DEMOCRATIC PARTY

ERIE 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 30, 2009**