



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
Butler County
P.O. Box 701
Hamilton, Ohio 45012

We have performed the procedures enumerated below, to which the Democratic Executive Committee, Butler 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, 2011. 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 2011. The Committee did not file an annual or post primary report with the Secretary of State. We noted no computational errors for the Deposit Form 31-CC filed with the semi-annual and pre-primary report filed with the Secretary of State on July 29, 2011 and October 27, 2011, respectively.
3. We compared bank deposits reflected in 2011 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2011. The Committee did not provide the March 2012 bank statement to compare the deposit information with the amounts reported on Deposit Form 31-CC. We did note a variance between the bank statements received and reviewed and the Deposit Form 31-CC that were filed in the total amount of \$950 which was deposited to the Committee's bank account but not reported on either of the Deposit Form 31-CC that were filed and 2 contributions totaling \$200 reported on Deposit Form 31-CC which was never deposited into the Committee's bank account.
4. We scanned the Committee's 2011 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 filed only reported two payments from the State Tax Commissioner. The bank statements did not reflect one quarterly payment received from the State Tax Commissioner in the amount of \$62. The fourth quarterly payment is the \$950 exception in cash receipts step 3 above.

5. We scanned other recorded 2011 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 2011 on the Secretary of State's website.

Cash Reconciliation

1. We were unable to recompute the mathematical accuracy of the December 31, 2011 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). The Committee did not provide bank reconciliations for the restricted fund account.
2. We agreed the bank balance on the Committee's pre-primary (annual) report electronically filed with the Secretary of State to the bank statement balance as of December 31, 2011. The balances agreed.
3. The Committee did not have any reconciling items at December 31, 2011.

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 2011. The Committee did not file an annual or post primary report report with the Secretary of State. We noted no computational errors for the Disbursement Form 31-M filed with the semi-annual and pre-primary report filed with the Secretary of State on July 29, 2011 and October 27, 2011, respectively.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2011 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 2011 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2011. We noted four checks in the total amount of \$2,200 that were reflected in the 2011 restricted fund bank statements but were not reported on Disbursement Forms 31-M filed for 2011.
4. For each disbursement on Disbursement Forms 31-M filed for 2011, 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 which we were provided. We noted three checks, for \$750, \$91 and \$62, for which there was no documentation attached, such as an invoice, to support its allowability.
5. We scanned the payee for each 2011 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 2011 checks to the list dated December 31, 2011 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 2011 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. We compared the purpose of the disbursements we selected in step 3 above listed on 2011 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 no instances where the purpose described on the invoice violated the restrictions of Ohio Rev. Code Section 3517.18 except for the lack of invoices noted in cash disbursements Step 4 above and as follows:

We noted 3 disbursements totaling \$903 where there was no documentation attached. There was no evidence that these disbursements were for the following statutorily approved purposes: defraying the operating and maintenance costs associated with political party headquarters, the organization of or costs associated with voter registration programs and get out to-vote campaigns, the administration of party fund-raising drives, paid advertisements in the electronic or printed media, sponsored jointly by two or more qualified political parties, to publicize the Ohio political party fund, direct mail campaigns, or other communications with registered voters of a party that are not related to any particular candidate or election, or the preparation of reports required by law. Additionally, a review of Ohio Elections Commission opinions did not reveal any additional authority that would justify the expenditures under this Code provision. As a result, the disbursements were not for a purpose Ohio Revised Code Section 3517.18(A) permits.

On June 1, 2012, the Democratic Party's local campaign committee fund reimbursed the restricted fund for the disbursements.

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 2011 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 2011, 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.

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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 style with a large, looping initial "D".

Dave Yost
Auditor of State

June 5, 2012



Dave Yost • Auditor of State

BUTLER COUNTY DEMOCRATIC PARTY

BUTLER 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
JULY 17, 2012**