



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
Hardin County
19404 County Road 144
Kenton, OH 43326

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, 2010. 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 prepare the Deposit Form 31-CC, as required by Ohio Rev. Code Section 3517.1012(B), for 2010. The Committee's 2010 January, March, and April bank statements reflected unidentified deposits of \$1.03, \$1.01, and \$37.76 respectively. The December 2010 bank statement reflected year to date interest of 44 cents.

Ohio Rev. Code Section 3517.17(A) states that a political party must deposit into its restricted fund all public moneys received from the Ohio Political Party Fund. Ohio Rev. Code Section 3517.10 (C)(6)(b) states that the secretary of state shall prescribe the form for all statements required to be filed under this section. Therefore, the Committee is required to use the *Statement of Political Party Fund Deposits* (Deposit Form 31-CC) to report all receipts from the Ohio Political Party Fund with the exception of interest income, loans, refunds or prior expenditures that are returned to the Committee which should be reported on the *Statement of Other Income* (Form 31-A-2)

The Committee should use the *Statement of Political Party Restricted Fund Deposits* (Deposit Form 31-CC), to report receipts from the Ohio Political Party and the *Statement of Other Income* (Form 31-A-2) for all other receipts.

3. We scanned the Committee's 2010 bank statements and noted they reflected only two of the four quarterly payments that are to be received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A).

Cash Receipts (Continued)

The State of Ohio *Auditor Distribution Transaction Detail Report* indicated the Committee should have received three receipts in the total amount of \$82.56 from the State Tax Commissioner. The Committee recorded the July 2010 receipt, in the amount of \$32.22, in the August 2010 deposit register and the October 2010 receipt, in the amount of \$2.34 in the November 2010 deposit register. The Committee did not report the April 2010 receipt of \$48.00.

The Committee should report all receipts when received. In addition, the Committee should contact the State Tax Commissioner regarding the payment that was not received in 2010.

4. We scanned other recorded 2010 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. We attempted to re-compute the mathematical accuracy of the December 31, 2010 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). The reconciliation was not mathematically accurate. The ledger used for the reconciliation correctly reported the December ending bank balance; however, the beginning balance of the ledger plus receipts minus disbursement did not equal the ending bank balance. This variance was \$10.80, however the actual variance may be greater when considering other receipt and disbursement errors that were identified.

The Committee should record all restricted fund receipts and disbursements in the ledger and make certain the ending balance per the ledger reconciles to the bank statement.

2. We agreed the bank balance on the reconciliation to the bank statement balance as of December 31, 2010. The balances agreed.

Cash Disbursements

1. The committee did not prepare the Disbursement Form 31-M, as required by Ohio Rev. Code 3517.18 and 3517.1012. The Committees May 2010 bank statement reflected a disbursement of \$37.72 and the November 2010 bank statement reflected a disbursement of \$400.

Ohio Rev. Code Section 3517.17(A) states that a political party shall file disbursement statements as required by division (B) of section 3517.1012 of the Revised Code. Ohio Rev. Code Section 3517.10(C)(6)(b) states the Secretary of State shall prescribe the form for all statements required to be filed under this section. Therefore, the Committee is required to use the *Statement of Political Party Restricted Fund Disbursements* Form (Deposit Form 31-M) to report all expenditures.

The Committee should use the *Statement of Political Party Restricted Fund Disbursements* Form (Deposit Form 31-M) to report expenditures from the restricted fund.

2. We 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 scanned the payee for each 2010 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.

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 2010, 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 style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

May 12, 2011

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HARDIN COUNTY DEMOCRATIC PARTY

HARDIN 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 14, 2011**