



**LORAIN COUNTY DEMOCRATIC PARTY
LORAIN COUNTY**

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

LORAIN COUNTY DEMOCRATIC PARTY
LORAIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
Lorain County
730 North Ridge Road
Lorain, Ohio 44055

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. Management informed us they received no such gifts.
2. Our procedures required us to foot each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC). The Committee did not file the required Deposit Form 31-CC. Rather, the Committee filed the *Statement of Contributions Received* (Form 31-A). We footed the *Statement of Contributions Received* filed for 2009. 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 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 Deposits* (Deposit Form 31-CC revised 3/05) to report all receipts from the Ohio Political Party Fund. This form should be used to file future annual reports.

We also reported this violation in our report for the year ended December 31, 2008.

Cash Receipts (Continued)

3. We compared bank deposits reflected in 2009 restricted fund bank statements to total deposits recorded in Deposit Forms 31-A filed for 2009. The bank deposit amounts agreed to the deposits recorded in the Forms.
4. We confirmed distributions received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). We agreed the amounts dated April 10, 2009 and July 27, 2009 in the amounts of \$1,193 and \$1,033, respectively, to amounts shown on Deposit Forms 31-A filed for 2009. However, we noted the April 10, 2009 distribution was deposited on October 15, 2009 and the July 27, 2009 distribution was deposited on September 10, 2009. We recommend deposits be made timely.

The confirmed distribution dated January 14, 2009 in the amount of \$58 was replaced by a distribution dated December 28, 2009. That distribution was agreed to a deposit dated January 7, 2010. The confirmed distribution dated October 19, 2009 in the amount of \$35 could not be agreed to a bank deposit.

To eliminate the loss of State Tax Commissioner distributions, we recommend the Committee utilize direct deposit.

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 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 appearing on the bank reconciliation.

Cash Disbursements

1. Our procedures required us to foot 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 Disbursement Form 31-M. Rather, the Committee filed the *Statement of Expenditures* (Form 31-B). We footed each *Statement of Expenditures* filed for 2009. We noted no computational errors.

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 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) to report all disbursements from the Ohio Political Party Fund. This form should be used to file future annual reports.

We also reported this violation in our report for the year ended December 31, 2008.

2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Forms 31-B filed for 2009 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 2009 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-B filed for 2009. We found no discrepancies.
4. For each disbursement on Disbursement Forms 31-B 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 Disbursement Forms 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 approved signature on 2009 checks to the list dated March 16, 2010 of authorized signatories the Committee provided to us. The signatory on all checks we selected was an approved signatory.

We were unable to verify the endorsements on the checks because the imaged back of the canceled checks was not provided by the financial institution. We recommend the Committee make arrangements with their financial institution to provide the Committee with the front and back of all canceled checks.

7. We scanned each 2009 restricted fund disbursement recorded on Disbursement Forms 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 3517.13(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of each disbursement listed on 2009 Disbursement Forms 31-B 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.

We were not engaged to, and did not examine each *Statement of Contributions Received* and *Statement of Expenditures* 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.



Mary Taylor, CPA
Auditor of State

March 31, 2010



Mary Taylor, CPA
Auditor of State

DEMOCRATIC PARTY

LORAIN 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
MAY 6, 2010**