



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
3321 Mahoning Avenue
Youngstown, Ohio 44509

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 Revised 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. They informed us they did use this fund for all such gifts.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Revised Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2010. We noted no computational errors.
3. We compared bank deposits reflected in 2010 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2010. The bank deposit amounts agreed to the deposits recorded in the Form.
4. We scanned the Committee's 2010 bank statements and noted they did not reflect four quarterly payments received from the State Tax Commissioner pursuant to Ohio Revised Code 3517.17(A). We did note that two payments in the amounts of \$39.72 and \$820.95 were deposited into the Committee's Public Funds Account, and we also noted that two payments in the amounts of \$695.64 and \$29.59 were not deposited. The Deposit Forms 31-CC did not report any of the four payments that were received.
5. We scanned other recorded 2010 receipts for evidence that a corporation or labor organization may have exceeded the \$10,000 annual gift limit Ohio Revised Code 3517.13(X)(3)(a) imposes. We found no evidence that any corporation or labor organization exceeded this limit.
6. Ohio Revised 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 2010 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2010 reconciliation for the bank account used for receipts and disbursements restricted pursuant to Ohio Revised 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, 2010. The balances agreed.
3. We agreed reconciling items appearing on the reconciliation to the Committee's ledger and related invoices. We determined that the dates and amounts on those documents support that those items were proper reconciling items and were recorded in the proper amount on the reconciliation as of December 31, 2010.

Cash Disbursements

1. We footed each *Statement of Political Party Restricted Fund Disbursements* Ohio Revised Code Section 3517.17 requires (Disbursement Form 31-M), filed for 2010. We noted no computational errors.
2. Per Ohio Revised Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2010 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 2010 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2010. We found no discrepancies.
4. For each disbursement on Disbursement Forms 31-M filed for 2010, 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.
5. We scanned the payee for each 2010 disbursement for evidence that it might represent a contribution or campaign-related disbursement, both of which Ohio Revised 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 2010 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 without exception.
7. We scanned each 2010 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 Revised Code 3517(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of each disbursement listed on 2010 Disbursement Forms 31-M to the purpose listed on the vendor invoice and to the purposes Ohio Revised Code Section 3517.18 permits. We found 8 instances where the purpose described on the invoice violated the restrictions of Ohio Revised Code Section 3517.18. See the table at the end of the report for a detailed listing of these disbursements.

Cash Disbursements – (Continued)

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.

In accordance with the foregoing facts and pursuant to Ohio Revised Code section 117.28 a Finding for Recovery for public money illegally expended is hereby issued against the Mahoning County Democratic Party in the amount of \$788.91 and in favor of the restricted funds of the Mahoning County Democratic Party. On October 6, 2011, the Democratic Party's local campaign committee fund reimbursed the restricted fund for the disbursement.

9. Ohio Revised 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 200X 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 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.



Dave Yost
Auditor of State

October 6, 2011

MAHONING DEMOCRATIC PARTY – QUESTIONABLE 2010 EXPENDITURES

	Check Number	Date	Amount	Vendor	Description
1	3587	1/14/2010	\$100.00	Richard Clautti	Reimbursement for donation to Haiti Earthquake Fund
2	3659	6/28/2010	\$100.00	Struthers Alumni Association	Donation
3	3686	9/17/2010	\$50.00	Lights out Productions	Donation
4	3687	9/17/2010	\$120.00	Purple Cat	Donation
5	3691	9/22/2010	\$250.00	Judge Economus Portrait Committee	Donation
6	3702	10/6/2010	\$14.93	John Vivo	Wine
7	3739	11/18/2010	\$120.00	St. Christine Gymnasium Fund	Donation
8	3753	12/22/2010	\$33.98	John Vivo	Wine
		Total	\$788.91		



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MAHONING DEMOCRATIC PARTY

MAHONING 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
OCTOBER 25, 2011**