



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Republican Party
Lucas County
Agreed-Upon Procedures
For the Year Ended December 31, 2018

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpgroup.com

OHIO AUDITOR OF STATE KEITH FABER



Executive Committee
Lucas County Republican Party
10 S. Superior Street
Toledo, Ohio 43604

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Lucas County Republican Party, prepared by BHM CPA Group, Inc., for the period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

State ex rel McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 indicates governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is palpably and manifestly arbitrary and incorrect.

The Lucas County Republican Party’s Semiannual Campaign Finance report submitted to the Secretary of State of Ohio reported \$13,681 of Restricted Fund expenditures for the period January 1, 2018 through June 30, 2018. Due to deficiencies in internal policies and procedures, no supporting documentation was provided to support the expenditures made by the Party during this timeframe. Without adequate supporting documentation for these expenditures, it cannot be determined if these expenditures were for a proper public purpose. Jon Stainbrook, Former Lucas County Republican Party Chairman, signed 26 of the checks and authorized 6 automatic bank debits totaling \$8,441 and Alfonso Narvaez, Former Lucas County Republican Party Treasurer, signed 6 of the checks totaling \$5,240.

Executive Committee
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Finding for Recovery (continued)

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jon Stainbrook, Former Lucas County Republican Party Chairman, in the amount of \$8,441 and Alfonso Narvaez, Former Lucas County Republican Party Treasurer in the amount of \$5,240, in favor of the Lucas County Republican Party's Restricted Fund.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lucas County Republican Party is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2020

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Independent Accountants' Report on Applying Agreed-Upon Procedures

February 28, 2020

Secretary of State of Ohio
Republican Executive Committee
Lucas County
10 S. Superior Street
Toledo, Ohio 43604

We have performed the procedures enumerated below, which were agreed to by the Republican Executive Committee, the management of the Lucas County Republican Executive Committee (the Committee), the Secretary of State and the Auditor of State, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2018, included in the information provided to us by the management of the Committee. The Committee is responsible for the compliance of those requirements related to receipts, disbursements and restricted funds. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

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 Ohio Political Party Fund. 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 3317.1012(B) requires (Deposit Form 31-CC), filed for 2018. We found no computational errors.
3. We compared bank deposits reflected in 2018 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2018. The bank deposit amounts agreed to the deposits recorded in the Form.

4. We inspected the Committee's 2018 bank statements and observed they reflected a payment received from the Ohio Political Party Fund pursuant to Ohio Rev. Code 3517.17(A). The Deposit Forms 31-CC reported the payment.
5. We inspected other recorded 2018 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 2018 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2018 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, 2018. The balances agreed.

Cash Disbursements

1. We footed each *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.1012(B) requires Disbursement Form 31-M, filed for 2018. No exceptions were found as a result of applying the procedure.
2. Per Ohio Rev. Code 3517.13(X)(1), we inspected Disbursement Form 31-M filed for 2018 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 2018 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2018. We found no discrepancies.
4. For each disbursement on Disbursement Forms 31-M filed for 2018, we traced the payee and amount to payee invoices and to the payee's name on canceled checks. We noted no documentation to support allowability.
5. We inspected the payee for each 2018 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 were not provided with copies of checks to verify authorized signatories.
7. We inspected each 2018 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 each disbursement listed on 2018 Disbursement Forms 31-M to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits. We were not provided with documentation to support allowability.
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 2018 on the Secretary of State's website.

This agree-upon procedures engagement was conducted in accordance with the *American Institute of Certified Public Accountants attestation standards and applicable attestation standards included in the Comptroller General of the United States' Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2018. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is to provide assistance in evaluation of the Committee's 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, 2018 is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
February 28, 2020

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OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY REPUBLICAN PARTY

LUCAS 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
MARCH 19, 2020**