



**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2002 & 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Alliance for Adequate School Funding
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

To the Executive Committee:

We have audited the accompanying financial statements of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, (the Alliance) as of and for the years ended June 30, 2002 and June 30, 2001. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Alliance prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, as of June 30, 2002 and June 30, 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2002 on our consideration of the Alliance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Executive Committee and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

October 21, 2002

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$157,950	\$148,500
Interest	7,143	15,136
	<u>165,093</u>	<u>163,636</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Counsel & Legislative Consultant	81,784	78,638
Executive Secretary	44,173	42,474
Fiscal Consultant	0	2,214
Public Relations Consultant	26,504	25,485
Special Public Relations	2,210	1,963
Other Legal Contracts	4,121	130
Travel - Out of Pocket	2,638	4,914
Rent	14,400	14,400
Telephone	528	1,096
Xerox	1,151	1,878
Postage	1,209	1,327
Printing and Supplies	2,585	2,400
Memberships	1,500	4,000
Conference Costs	4,468	6,473
Office Supplies	53	680
	<u>187,324</u>	<u>188,072</u>
Total Disbursements	<u>187,324</u>	<u>188,072</u>
Total Receipts Over/(Under) Disbursements	<u>(22,231)</u>	<u>(24,436)</u>
Fund Cash Balances, July 1	<u>243,061</u>	<u>267,497</u>
Fund Cash Balances, June 30	<u>\$220,830</u>	<u>\$243,061</u>

The notes to the financial statements are an integral part of the financial statements.

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**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2002 and 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Alliance for Adequate School Funding, Cuyahoga County, (the Alliance) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Alliance operates under the direction of a thirteen-member Executive Committee, appointed by their respective regions. The purposes of the Alliance are to take such action as is necessary and appropriate to protect the concept of the existing system of school funding, including;

Documenting the long-term effect of equity and equal funding in various states;

Objectively analyzing and comparing the effects of the current Ohio finance system on the basic instructional program among all districts;

Developing and supporting a reform package that focuses on student achievement and success;

Working to increase the awareness of the Alliance's position to the public, other educators, and the General Assembly;

The Alliance's management believes these financial statements present all activities for which the Alliance is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in commercial paper is valued at cost. Star Ohio is recorded at share values reported by the fund.

D. Fund Accounting

The Alliance uses fund accounting to segregate cash and investments that are restricted as to use. The Alliance classifies its only fund as follows:

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Alliance maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 follows:

Demand deposits	<u>\$22,502</u>	<u>\$3,373</u>
Total deposits	<u>22,502</u>	<u>3,373</u>
Commercial Paper		239,688
STAR Ohio	<u>198,328</u>	
Total investments	<u>198,328</u>	<u>239,688</u>
Total deposits and investments	<u><u>\$220,830</u></u>	<u><u>\$243,061</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Commercial paper consists of unsecured promissory notes issued primarily by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days, but most is sold with maturities of up to 30 days. Almost all commercial paper is rated for credit risk by rating services. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Executive Committee
Alliance for Adequate School Funding
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

To the Executive Committee:

We have audited the accompanying financial statements of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, (the Alliance) as of and for the years ended June 30, 2002 and June 30, 2001, and have issued our report thereon dated October 21, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Alliance's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Alliance in a separate letter dated October 21, 2002.

This report is intended solely for the information and use of management and the Executive Committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

October 21, 2002



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ALLIANCE FOR ADEQUATE SCHOOL FUNDING

CUYAHOGA 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
NOVEMBER 7, 2002**