



**OHIO COALITION FOR THE EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2008-2007



Mary Taylor, CPA
Auditor of State

**OHIO COALITION FOR EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

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Mary Taylor, CPA
Auditor of State

Ohio Coalition for the Equity and Adequacy of School Funding
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To the Steering Committee:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Coalition to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 29, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ohio Coalition for the Equity and Adequacy of School Funding
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To the Steering Committee:

We have audited the accompanying financial statement of Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio (the Coalition) as of and for the years ended June 30, 2008 and 2007. This financial statement this is the responsibility of the Coalition's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Coalition has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity wide statements and also presenting the Coalition's larger (i.e. major) funds separately. While the Coalition does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Coalitions to reformat their statement. The Coalition has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Coalition as of June 30, 2008 and 2007 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio, as of June 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Coalition has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008, on our consideration of the Coalition's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

October 29, 2008

**OHIO COALITION FOR EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH BALANCE
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
Cash receipts:		
Intergovernmental	\$ 311,300	\$ 374,934
Interest Income	32,151	16,472
	343,451	391,406
Cash disbursements:		
Legal Services	81,540	81,577
Fiscal Services	10,000	10,000
Research Consultants	0	2,181
Executive Director	139,602	134,000
Meetings and Mileage	18,128	12,155
Video Production	1,003	0
Supplies and Mailings	1,930	1,659
Telephone Expenses	3,960	3,803
Equipment and Maintenance	14,878	32,475
Audit	0	1,163
Postage	3,500	1,000
	274,541	280,013
Total cash receipts over cash disbursements	68,910	111,393
Cash balance, July 1	463,868	352,475
Cash balance, June 30	\$ 532,778	\$ 463,868

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

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**OHIO COALITION FOR EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of The Entity

The Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio (the Coalition) is a regional council of governments established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio.

The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of not more than 78 representatives, who are Superintendents of Boards of Education that are Coalition members, plus an additional 12 representatives that need not be Board of Education Superintendents. A maximum of 78 steering committee representatives may be appointed by the Chairperson.

The major source of receipts is fees collected from the member school districts based upon the school district's average daily membership.

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

B. Accounting Basis

This financial statement follows 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fiscal Agent

Muskingum Valley Educational Service Center, Muskingum County, Ohio, fiscal agent for the Coalition, maintains the Coalition records in accordance with the principles of fund accounting. The Coalition fund is reported as an agency fund on Muskingum Valley Educational Service Center's financial statements.

D. Budgetary Process

The Coalition's budget is included with the budget of Muskingum Valley Educational Service Center.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) should not exceed appropriations at the object level of control, and appropriations should not exceed estimated resources. The steering committee approves annual appropriations in the minutes which are included with the appropriations of Muskingum Valley Educational Service Center. This budget is approved as a monitoring device and is not a statutory requirement. Appropriations lapse at year-end.

**OHIO COALITION FOR EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

Encumbrances

The Coalition reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

E. Contract Service

The Coalition approved the contract to pay the Executive Director for services performed. Invoices are submitted for monthly services provided. The funds used to pay this service are derived from membership fees.

2. EQUITY IN CASH AND INVESTMENTS

The Muskingum Valley Educational Service Center, as fiscal agent, maintains a cash pool used by all of the school's funds, including those of the Coalition. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

<u>2008</u>	<u>2007</u>
\$532,778	\$463,868

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended June 30, 2008 and June 30, 2007 follows:

	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Total	<u>\$200,000</u>	<u>\$343,451</u>	<u>\$143,451</u>

**OHIO COALITION FOR EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$622,000	\$274,541	\$347,459

2007 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
Total	\$350,000	\$391,406	\$41,406

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$675,000	\$280,013	\$394,987

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ohio Coalition for the Equity and Adequacy of School Funding
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To the Steering Committee:

We have audited the financial statement of the Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio (the Coalition) as of and for the years ended June 30, 2008 and 2007 and have issued our report thereon dated October 29, 2008, wherein we noted the Coalition prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Coalition's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statement, but not to opine on the effectiveness of the Coalition's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Coalition's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Coalition's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Coalition's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Coalition's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Coalition's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Steering Committee. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 29, 2008



Mary Taylor, CPA
Auditor of State

OHIO COALITION FOR THE EQUITY AND ADEQUACY OF SCHOOL FUNDING
MUSKINGUM 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
FEBRUARY 17, 2009