



**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2008-2007



Mary Taylor, CPA
Auditor of State

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
FRANKLIN COUNTY**

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Mary Taylor, CPA
Auditor of State

Alliance for Adequate School Funding
Franklin County
1950 North Mallway Drive
Upper Arlington, Ohio 43221

To the Board of Executive Directors:

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 the Alliance 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 statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 29, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Alliance for Adequate School Funding
Franklin County
1950 North Mallway Drive
Upper Arlington, Ohio 43221

To the Board of Executive Directors:

We have audited the accompanying financial statement of Alliance for Adequate School Funding (the Alliance), Franklin County, Ohio as of and for the years ended June 30, 2008 and 2007. This financial statement is the responsibility of the Alliance'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 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Alliance 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Alliance does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Alliance to reformat its statement. The Alliance 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 statement referred to above for the years ended June 30, 2008 and 2007 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Alliance as of June 30, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Alliance 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 Alliance 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 August 29, 2008, 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 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.

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

Mary Taylor, CPA
Auditor of State

August 29, 2008

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
FRANKLIN COUNTY**

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

	2,008	2,007
Cash Receipts:		
Intergovernmental Receipts	\$ 178,500	\$ 196,000
Earnings on Investments	4,301	2,379
	182,801	198,379
Cash Disbursements:		
Current:		
Professional Services	117,400	108,444
Public Relations Consultant	27,000	24,762
Special Public Relations	-	2,167
Travel - Out of Pocket	4,106	5,383
Supplies	1,385	1,225
Memberships	1,500	1,500
Special Projects	5,605	11,061
Conference Costs	2,136	1,116
Contingency	1,491	1,200
	160,623	156,858
Total Receipts Over Disbursements	22,178	41,521
Cash Balance, July 1	109,036	67,515
Cash Balance, June 30	\$ 131,214	\$ 109,036

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

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**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

Note 1 – Reporting Entity

The Alliance for Adequate School Funding, Franklin County, Ohio (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 purpose of the Alliance is 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 funding in various states;
- Objectively analyzing and comparing the effects of the current Ohio finance system on the basic instructional program among all Alliance's members;
- Developing and supporting a reform package that focuses on student achievement and success; and,
- Working to increase the awareness of the Alliance's position to the public, other educators, and the General Assembly.

The Alliance's management believes this financial statement presents all activities for which the Alliance is financially accountable.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. There are no component units.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The Alliance's financial statement follows the basis of accounting the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Alliance recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes and permits

B. Cash and Investments

The Alliance's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

During fiscal year 2008 and 2007, the Alliance invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30.

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007
(Continued)**

Note 3 – Equity in Pooled Cash and Investments

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 14,632	\$ 61,755
Total Deposits	<u>\$ 14,632</u>	<u>\$ 61,755</u>
STAR Ohio	\$ 116,582	\$ 47,281
Total Investments	<u>\$ 116,582</u>	<u>\$ 47,281</u>
Total Deposits and Investments	<u><u>\$ 131,214</u></u>	<u><u>\$ 109,036</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.



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*

Alliance for Adequate School Funding
Franklin County
1950 North Mallway Drive
Upper Arlington, Ohio 43221

To the Board of Executive Directors:

We have audited the financial statements of the Alliance for Adequate School Funding (the Alliance), Franklin County, Ohio as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated August 29, 2008, wherein we noted the Alliance followed accounting practices the Auditor of State prescribes 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 Alliance's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Alliance's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Alliance'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 Alliance'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 Alliance'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 Alliance'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 Alliance's financial statements are 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 the management and the Board of Executive Directors. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 29, 2008



Mary Taylor, CPA
Auditor of State

ALLIANCE FOR ADEQUATE SCHOOL FUNDING

FRANKLIN 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 6, 2008**