



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

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2010-2009**



**Dave Yost • 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 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.

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**Mary Taylor, CPA**  
Auditor of State

December 17, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ohio Coalition for 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, 2010 and 2009. This financial statement 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 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 Coalition has prepared these financial statements 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 requires 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 statements. 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 statement referred to above for the years ended June 30, 2010 and 2009 does 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, 2010 and 2009, 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 balances of Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio, as of June 30, 2010 and 2009, 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, 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.

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

**Mary Taylor, CPA**  
Auditor of State

December 17, 2010

**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, 2010 AND JUNE 30, 2009**

	2,010	2,009
Cash receipts:		
Intergovernmental	\$ 224,839	\$ 221,843
Interest Income	1,018	8,573
	225,857	230,416
Cash disbursements:		
Legal Services	73,655	72,569
Fiscal Services	10,000	10,000
Executive Director	139,637	139,460
Meetings and Mileage	11,089	10,345
Video Production	759	-
Supplies and Mailings	2,083	459
Telephone Expenses	3,845	3,870
Equipment and Maintenance	11,028	10,741
Audit	-	1,604
	252,096	249,048
Total cash receipts over cash disbursements	(26,239)	(18,632)
Cash balance, July 1	514,146	532,778
Cash balance, June 30	\$ 487,907	\$ 514,146

The notes to the financial statement 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 STATEMENT  
JUNE 30, 2010 AND 2009**

**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 this financial statement presents 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 fund 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 STATEMENT  
JUNE 30, 2010 AND 2009  
(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 2010 and 2009 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>2010</u>	<u>2009</u>
\$487,907	\$514,146

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended June 30, 2010 and June 30, 2009 follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Total	<u>\$100,000</u>	<u>\$225,857</u>	<u>\$(125,857)</u>

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

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$586,040	\$252,096	\$333,944

<b>2009 Budgeted vs. Actual Receipts</b>			
	Budgeted Receipts	Actual Receipts	Variance
Total	\$200,000	\$230,416	\$(30,416)

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$727,000	\$249,048	\$477,952

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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 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 Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio, (the Coalition) as of and for the years ended June 30, 2010 and June 30, 2009 and have issued our report thereon dated December 17, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Coalition's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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 management, Steering Committee, and others within the Coalition. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

December 17, 2010



# Dave Yost • Auditor of State

**OHIO COALITION FOR EQUITY AND ADEQUACY OF 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  
MARCH 1, 2011**