



**Auditor of State  
Betty Montgomery**



**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
FRANKLIN COUNTY**

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**Auditor of State  
Betty Montgomery**

Alliance for Adequate School Funding  
Franklin County  
1950 N. 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 a February 2, 2005 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 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 "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 22, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Executive Directors:

We have audited the accompanying financial statements of the Alliance for Adequate School funding, Franklin County, Ohio (the Alliance) as of and for the years ended June 30, 2006 and June 30, 2005. 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 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 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.

Revisions to GAAP would require the Alliance to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2006 and June 30, 2005. The revisions require presenting entity wide statements. While the Alliance does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Alliance has elected not to reformat its statements. Since this Alliance does not use GAAP to measure financial statement amounts, 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.

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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, 2006 and June 30, 2005 do 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, 2006 and June 30, 2005, 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 the Alliance for Adequate School Funding, Franklin County, Ohio, as of June 30, 2006 and June 30, 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Alliance to include Management's Discussion and Analysis for the years ended June 30, 2006 and June 30, 2005. 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2006, 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.



**Betty Montgomery**  
Auditor of State

November 22, 2006



**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

|   | <b>2006</b>            | <b>2005</b>            |
|---|------------------------|------------------------|
| <b>Cash Receipts:</b>                     |                        |                        |
| Intergovernmental Receipts                | \$175,703              | \$123,650              |
| Earnings on Investments                   | 1,915                  | 1,745                  |
|   | <u>177,618</u>         | <u>125,395</u>         |
| <b>Cash Disbursements:</b>                |                        |                        |
| Current:                                  |                        |                        |
| Counsel & Legislative Consultant          | 0                      | 95,387                 |
| Executive Secretary                       | 107,387                | 22,520                 |
| Public Relations Consultant               | 27,024                 | 27,024                 |
| Special Public Relations                  | 343                    | 1,414                  |
| Travel - Out of Pocket                    | 4,347                  | 3,260                  |
| Rent                                      | 0                      | 8,400                  |
| Telephone                                 | 0                      | 387                    |
| Xerox                                     | 0                      | 1,227                  |
| Postage                                   | 0                      | 204                    |
| Printing and Supplies                     | 1,216                  | 1,271                  |
| Fiscal                                    | 0                      | 1,043                  |
| Memberships                               | 0                      | 1,500                  |
| Conference Costs                          | 279                    | 3,533                  |
| Contingency                               | 8,488                  | 0                      |
|   | <u>149,084</u>         | <u>167,170</u>         |
| Total Receipts Over/(Under) Disbursements | 28,534                 | (41,775)               |
| Cash Balance, July 1                      | <u>38,981</u>          | <u>80,756</u>          |
| <b>Cash Balance, June 30</b>              | <b><u>\$67,515</u></b> | <b><u>\$38,981</u></b> |

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

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**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Alliance for Adequate School Funding, Franklin 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 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 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 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 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 the Auditor of State prescribes or permits. This 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**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 State Treasurer's Investment Pool (Star Ohio) is recorded at share values reported by the fund.

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**2. 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>2006</u>     | <u>2005</u>     |
|--------------------------------|-----------------|-----------------|
| Demand deposits                | <u>\$22,613</u> | <u>\$38,981</u> |
| Total deposits                 | <u>22,613</u>   | <u>38,981</u>   |
| <br>                           |                 |                 |
| STAR Ohio                      | <u>44,902</u>   | <u>0</u>        |
| Total investments              | <u>44,902</u>   | <u>0</u>        |
| Total deposits and investments | <u>\$67,515</u> | <u>\$38,981</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.



## **Auditor of State Betty Montgomery**

### **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 N. 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, Franklin County, Ohio, (the Alliance) as of and for the years ended June 30, 2006 and June 30, 2005, and have issued our report thereon dated November 22, 2006 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **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*.

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Alliance for Adequate School Funding  
Franklin County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management and the Board of Executive Directors. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 22, 2006



**Auditor of State  
Betty Montgomery**

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**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  
JANUARY 4, 2007**