



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

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2005-2006



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 Equity and Adequacy of School Funding
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701-3709

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 statement due to a February 2, 2005 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 statement in accordance with GAAP. Our Report includes an 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.

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Mary Taylor, CPA
Auditor of State

January 25, 2007

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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 43701-3709

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, 2006 and June 30, 2005. This financial statement is the responsibility of the Coalition's management. Our responsibility is to express an opinion on this 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 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Coalition to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2006 and June 30, 2005. Instead of the statement of funds the accompanying financial statement presents for 2006 and 2005, the revisions require presenting entity wide statements and also to present its major fund separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Coalition has elected not to reformat its statements. Since this Coalition 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.

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, 2006 and June 30, 2005 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, 2006 and June 30, 2005 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 Ohio Coalition for Equity and Adequacy of School Funding, Muskingum 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 Coalition to include Management's Discussion and Analysis for the years ended June 30, 2006 and June 30, 2005. 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 January 25, 2007, 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

January 25, 2007

**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, 2006 AND JUNE 30, 2005**

	2006	2005
Cash receipts:		
Intergovernmental	\$ 379,450	\$ 553,958
Interest Income	26,430	0
	405,880	553,958
Cash disbursements:		
Legal Services	131,609	193,917
Fiscal Services	10,000	10,000
Research Consultants	2,875	51,800
Executive Director	122,833	129,780
Meetings and Mileage	18,089	18,711
Video Production	334	18,136
Supplies and Mailings	2,506	8,121
Telephone Expenses	3,231	3,694
Equipment and Maintenance	35,157	32,469
Postage	(2,594)	5,000
	324,040	471,628
Total cash receipts over cash disbursements	81,840	82,330
Cash balance, July 1	270,635	188,305
Cash balance, June 30	\$ 352,475	\$ 270,635

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, 2006 AND JUNE 30, 2005**

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 government 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. Basis of Accounting

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Coalition recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND JUNE 30, 2005
(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 carried over, and need not be reappropriated.

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>2006</u>	<u>2005</u>
\$352,475	\$270,635

Muskingum Valley Educational Service Center, as the fiscal agent for the Coalition, is responsible for maintaining adequate depository collateral for all funds in the Muskingum Valley Educational Service Center's pooled deposit accounts.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended June 30, 2006 and June 30, 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Total	\$400,000	\$405,880	\$5,880

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$588,000	\$324,040	\$263,960

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

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Total	\$580,000	\$553,958	(\$26,042)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$594,780	\$471,628	\$123,152

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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 43701-3709

To the Steering Committee:

We have audited the accompanying 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, 2006 and June 30, 2005, and have issued our report thereon dated January 25, 2007, wherein we noted the Coalition 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 Coalition's internal control over financial reporting to determine our auditing procedures in order 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. In a separate letter to the Coalition's management dated January 25, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 the management, and the Steering Committee.
It is not intended for anyone 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

January 25, 2007



Mary Taylor, CPA
Auditor of State

OHIO COALITION FOR 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
APRIL 17, 2007