



**Auditor of State  
Betty Montgomery**



**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
CUYAHOGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Alliance for Adequate School Funding  
Cuyahoga County  
5811 Canal Road  
Valley View, Ohio 44125

We have audited the accompanying financial statements of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, (the Alliance) as of and for the years ended June 30, 2004 and June 30, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Alliance prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, as of June 30, 2004 and June 30, 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Executive Committee and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

December 29, 2004

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>Cash Receipts:</b>		
Intergovernmental Receipts	\$118,100	\$151,200
Earnings on Investments	1,502	3,255
	<u>119,602</u>	<u>154,455</u>
Total Cash Receipts	<u>119,602</u>	<u>154,455</u>
<b>Cash Disbursements:</b>		
Current:		
Counsel & Legislative Consultant	83,387	83,387
Executive Secretary	45,040	45,040
Public Relations Consultant	27,024	27,024
Other Legal Contracts	0	143
Research Consultant	40,500	0
Special Public Relations	1,164	2,603
Travel - Out of Pocket	2,354	2,858
Rent	16,800	15,600
Telephone	963	626
Xerox	1,628	1,285
Postage	533	551
Printing and Supplies	1,075	1,065
Fiscal	122	1,143
Memberships	1,500	1,500
Conference Costs	4,101	5,115
	<u>226,191</u>	<u>187,940</u>
Total Cash Disbursements	<u>226,191</u>	<u>187,940</u>
Total Receipts Over/(Under) Disbursements	<u>(106,589)</u>	<u>(33,485)</u>
Fund Cash Balances, July 1	<u>187,345</u>	<u>220,830</u>
Fund Cash Balances, June 30	<u><u>\$80,756</u></u>	<u><u>\$187,345</u></u>

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

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**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2004 and 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Alliance for Adequate School Funding, Cuyahoga 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 purposes of the Alliance are 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 districts;

Developing and supporting a reform package that focuses on student achievement and success;

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 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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

**D. Fund Accounting**

The Alliance uses fund accounting to segregate cash and investments that are restricted as to use. The Alliance classifies its only fund as follows:

**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$11,672	\$34,763
Total deposits	11,672	34,763
STAR Ohio	69,084	152,582
Total investments	69,084	152,582
Total deposits and investments	\$80,756	\$187,345

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

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

**3. SUBSEQUENT EVENT**

The Cuyahoga County Educational Service Center (the Service Center) acts as the Fiscal Agent for the Alliance. As of fiscal year beginning July 1, 2005, the Service Center will no longer act as the Alliance's Fiscal Agent.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Alliance for Adequate School Funding  
Cuyahoga County  
5811 Canal Road  
Valley View, Ohio 44125

We have audited the financial statements of the Alliance for Adequate School Funding, Cuyahoga County, Ohio, (the Alliance) as of and for the years ended June 30, 2004 and June 30, 2003, and have issued our report thereon dated December 29, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *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 for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the Alliance's management in a separate letter dated December 29, 2004.

This report is intended solely for the information and use of the audit committee, management and the Executive Committee and is not intended to be and should not be used by 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

December 29, 2004



**Auditor of State  
Betty Montgomery**

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**ALLIANCE FOR ADEQUATE SCHOOL FUNDING  
CUYAHOGA 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 10, 2005**