



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Steering Committee
Ohio Coalition for Equity and Adequacy of School Funding
Muskingum County
36 East Muskingum Avenue
Dresden, Ohio 43821

We have audited the accompanying financial statements of Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio, (the Coalition) as of and for the years ended June 30, 2004 and June 30, 2003. These financial statements are the responsibility of the Coalition'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 Note 1, the Coalition 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 Ohio Coalition for Equity and Adequacy of School Funding, Muskingum 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 January 24, 2005, 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 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

This report is intended solely for the information and use of the steering committee, management 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

January 24, 2005

**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, 2004 AND JUNE 30, 2003**

	2004	2003
Cash receipts:		
Intergovernmental	\$ 572,835	\$ 608,975
Interest Income	772	1,632
Total cash receipts	573,607	610,607
Cash disbursements:		
Legal Services	317,823	319,749
Research Consultants	3,046	3,250
Executive Director	129,780	126,000
Meetings and Mileage	20,499	11,749
Supplies and Mailings	14,990	20,969
Telephone Expenses	5,410	4,059
Equipment	39,060	38,522
Postage	10,000	35,000
Total cash disbursements	540,608	559,298
Total cash receipts over/(under) cash disbursements	32,999	51,309
Cash balance, July 1	155,306	103,997
Cash balance, June 30	\$ 188,305	\$ 155,306

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, 2004 AND 2003**

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 these financial statements present all activities for which the Coalition 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. Fiscal Agent

Tri-Valley Local School District, Muskingum County, Ohio (Tri-Valley), 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 Tri-Valley's financial statements. Tri-Valley was due to relinquish their duties as fiscal agent as of June 30, 2004 to the Muskingum Valley Educational Service Center. However Tri-Valley transferred the Coalition's fund balance to Muskingum Valley as of June 23, 2004.

D. Budgetary Process

The Coalition's budget is included with the budget of Tri-Valley.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) should not exceed appropriations at the object level of control, and appropriations should not exceed estimated resources. The steering committee approves annual appropriations in the minutes which is included with the appropriations of Tri-Valley. 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, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 Tri-Valley Local School District, 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>2003</u>	<u>2004</u>
\$155,306	\$188,305

The Tri-Valley Local School District, as fiscal agent for the Coalition, is responsible for maintaining adequate depository collateral for all funds in the Tri-Valley Local School District's pooled deposit accounts.

The Tri-Valley Local School District transferred the fund balance of \$188,305 at June 23, 2004 to the new fiscal agent, Muskingum Valley Educational Service Center.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended June 30, 2004 and June 30, 2003 follows:

	<u>2004 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Total	<u>\$600,000</u>	<u>\$ 573,607</u>	<u>(\$26,393)</u>

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

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

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	<u>\$600,000</u>	<u>\$540,608</u>	<u>\$59,392</u>

2003 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
Total	<u>\$625,000</u>	<u>\$610,607</u>	<u>(\$14,393)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	<u>\$618,600</u>	<u>\$559,298</u>	<u>\$59,302</u>

4. School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued the latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding is unconstitutional.

The Supreme Court relinquished jurisdictions over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

School Districts are currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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Auditor of State Betty Montgomery

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

Steering Committee
Ohio Coalition for Equity and Adequacy of School Funding
Muskingum County
36 East Muskingum Avenue
Dresden, Ohio 43821

We have audited the financial statements of Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio, (the Coalition), as of and for the year ended June 30, 2004 and June 30, 2003, and have issued our report thereon dated January 24, 2005. 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 Coalition'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 that we must report under *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 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.

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This report is intended for the information and use of the steering committee and management 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

January 24, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4499

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 5, 2005**