



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

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2016-2015



Dave Yost • Auditor of State

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

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INDEPENDENT AUDITOR'S REPORT

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

To the Steering Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes 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, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Coalition's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Coalition's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Coalition prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Coalition does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Coalition as of June 30, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Ohio Coalition for Equity and Adequacy of School Funding, Muskingum County, Ohio as of June 30, 2016 and 2015, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

January 17, 2017

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

**Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
For the Fiscal Years Ended June 30, 2016 and 2015**

	2016	2015
Cash Receipts		
Intergovernmental	\$ 190,912	\$ 166,482
Earnings on Investments	265	310
	191,177	166,792
<i>Total Cash Receipts</i>		
Cash Disbursements		
Current:		
Legal Services	75,264	71,326
Fiscal Services	10,000	5,000
Purchased Services/Consultants	69,743	143,577
Meetings and Mileage	7,949	4,802
Supplies	358	413
Telephone Expenses	5,268	4,393
Equipment and Maintenance	364	563
Audit	451	533
	169,397	230,607
<i>Total Cash Disbursements</i>		
<i>Excess of Receipts Over (Under) Disbursements</i>	21,780	(63,815)
<i>Fund Cash Balances, July 1</i>	199,176	262,991
Fund Cash Balances, June 30		
Unassigned	220,956	199,176
<i>Fund Cash Balances, June 30</i>	\$ 220,956	\$ 199,176

See accompanying notes to the basic financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Reporting 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 of 10 school district representatives. Though most of the members are superintendents, some treasurers, board members and administrators also serve. Several persons serve as ex officio members. Steering Committee members serve without stipend or expense reimbursement from the Coalition.

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.

Jointly Governed Organizations

The Coalition participates in a jointly governed organization. Note 7 to the financial statements provides additional information for this entity. The Coalition's management believes these financial statements present all activities for which the Coalition is financially accountable.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Coalition's financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types.

Fund Accounting

The Coalition uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Coalition uses fund accounting to segregate cash and investments that are restricted as to use. The Coalition classifies its fund into the following type.

General Fund

The General Fund accounts for and reports all financial resources. The General Fund balance is available to the Coalition for any purpose provided it is expended according to the general laws of Ohio.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Steering Committee 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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Coalition's budget is included with the budget of the Muskingum Valley Educational Service Center.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Coalition's Steering Committee must annually approve appropriation measures and subsequent amendment, appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of July 1.

Encumbrances The Ohio Revised Code requires the Coalition to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

Deposits 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>2016</u>	<u>2015</u>
\$220,956	\$199,176

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

3. Change in Accounting Principles

The Coalition implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

4. Budgetary Activity

Budgetary activity for the years ended June 30, 2016 and June 30, 2015 follows:

2016 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
Total	<u>\$277,449</u>	<u>\$191,177</u>	<u>\$86,272</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	<u>\$352,449</u>	<u>\$169,397</u>	<u>\$183,052</u>

2015 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
Total	<u>\$155,023</u>	<u>\$166,792</u>	<u>\$(11,769)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	<u>\$414,141</u>	<u>\$230,607</u>	<u>\$183,534</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

5. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Coalition must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Coalition classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Steering Committee can *commit* amounts via formal action (resolution). The Coalition must adhere to these commitments unless the Steering Committee amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Steering Committee or a Coalition official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Coalition applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Coalition's fund balance as of June 30, 2016 and 2015 is classified as unassigned.

6. 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.

7. Jointly Governed Organization

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

7. Jointly Governed Organization (Continued)

The Muskingum Valley Educational Service Center, Muskingum County, Ohio, serves as fiscal agent for the Coalition and maintains the Coalition's records in accordance with the principles of fund accounting. The Coalition fund is reported as a fiduciary fund on the Muskingum Valley Educational Service Center's financial statements.

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INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements 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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 17, 2017, wherein we noted the Coalition followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Coalition's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Coalition's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Coalition's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

January 17, 2017



Dave Yost • 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
FEBRUARY 23, 2017**