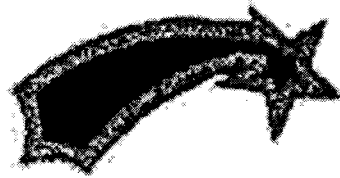


Audit Report

July 1, 2000 through June 2001



COVENTRY LOCAL SCHOOL DISTRICT



*Certified Public Accountants
& Business Consultants*



STATE OF OHIO
OFFICE OF THE AUDITOR

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The Board of Education
Coventry Local School District
Akron, Ohio 44319-1479

We have reviewed the Independent Auditor's Report of the Coventry Local School District, Summit County, prepared by Moore, Stephens, Apple, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coventry Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

April 15, 2002

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COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY

Audit Report - July 1, 2000 through June 30, 2001

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COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY

Audit Report – July 1, 2000 through June 30, 2001

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Report of Independent Auditors

To the Board of Education
Coventry Local School District
Akron, Ohio 44319-1479

We have audited the accompanying general purpose financial statements of the Coventry Local School District as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the Coventry Local School District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Coventry Local School District as of June 30, 2001 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2001 on our consideration of the Coventry Local School District'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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Coventry Local School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly state, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Moore Stephens Apple

Akron, Ohio
November 26, 2001

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

Coventry Local School District
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long-Term Obligations	Totals	(Memorandum Only)
ASSETS AND OTHER DEBITS:												
Assets:												
Equity in Pooled Cash and Investments	\$119,834	\$387,481	\$0	\$154,005	\$26,803	\$152	\$160,098	\$0	\$0	\$0	\$848,373	
Restricted Assets:												
Cash and Cash Equivalents	1,781	0	0	0	0	0	0	0	0	0	1,781	
Receivables												
Taxes	5,593,281	0	883,188	197,447	0	0	0	0	0	0	6,673,916	
Accounts	25,924	82	0	0	25	0	518	0	0	0	26,549	
Interest	984	0	0	0	0	0	0	0	0	0	984	
Intergovernmental	6,926	0	0	0	0	0	0	0	0	0	6,926	
Interfund	36,280	54,994	0	0	0	0	0	0	0	0	91,274	
Inventory Held for Resale	0	0	0	0	14,861	0	0	0	0	0	14,861	
Prepaid Items	28,148	0	0	0	0	0	0	0	0	0	28,148	
Fixed Assets (Net where applicable, of Accumulated Depreciation)	0	0	0	0	102,186	0	0	10,825,270	0	0	10,927,456	
Other Debits:												
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	0	5,459,679	5,459,679	
Total Assets and Other Debits	\$5,813,158	\$442,557	\$883,188	\$351,452	\$143,875	\$152	\$160,616	\$10,825,270	\$5,459,679	\$24,079,947		

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Service	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Obligations	General	Fixed Assets	Obligations	
LIABILITIES, FUND EQUITY AND OTHER CREDITS:													
Liabilities:													
Accounts Payable	\$255,301	\$105,644	\$0	\$1,030	\$31,752	\$0	\$19,950	\$0	\$0	\$0	\$0	\$0	\$413,677
Accrued Wages and Benefits	1,378,580	51,122	0	0	50,392	0	0	0	0	0	0	0	1,480,094
Compensated Absences	129,802	0	0	0	68,813	0	0	0	0	435,871	0	0	634,486
Intergovernmental Payable	241,495	10,340	0	10	8,614	0	0	0	0	117,392	0	0	377,851
Interfund Payable	0	32,830	0	0	58,444	0	0	0	0	0	0	0	91,274
Due to Others	0	0	0	0	0	0	59,640	0	0	0	0	0	59,640
Deferred Revenue	5,411,255	0	883,188	188,812	8,102	0	0	0	0	0	0	0	6,491,357
Claims Payable	0	0	0	0	0	348,956	0	0	0	0	0	0	348,956
Note Payable	0	0	0	0	0	0	0	0	0	1,641,416	0	0	1,641,416
Bonds Payable	0	0	0	0	0	0	0	0	0	3,265,000	0	0	3,265,000
Total Liabilities	7,416,433	199,936	883,188	189,852	226,117	348,956	79,590	0	5,459,679	0	14,803,751	0	14,803,751
Fund Equity and Other Credits:													
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	10,825,270	0	0	0	10,825,270
Contributed Capital	0	0	0	0	277,297	0	0	0	0	0	0	0	277,297
Retained Earnings - Unreserved	0	0	0	0	(359,539)	(348,804)	0	0	0	0	0	0	(708,343)
Fund Balances													
Reserved for Property Taxes	182,026	0	0	8,635	0	0	0	0	0	0	0	0	190,661
Reserved for Encumbrances	47,083	44,719	0	99,106	0	0	0	0	0	0	0	0	190,908
Reserved for Textbooks and Instruction	1,781	0	0	0	0	0	0	0	0	0	0	0	1,781
Reserved for Budget Stabilization	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved for Prepaid Items	28,148	0	0	0	0	0	0	0	0	0	0	0	28,148
Unreserved - Undesignated (Deficit)	(1,862,313)	197,902	0	53,859	0	0	81,026	0	0	0	0	0	(1,529,526)
Total Fund Equity (Deficit) and Other Credits	(1,603,275)	242,621	0	161,600	(82,242)	(348,804)	81,026	0	10,825,270	0	10,825,270	0	9,276,196
Total Liabilities, Fund Equity and Other Credits	\$5,813,158	\$442,557	\$883,188	\$351,452	\$143,875	\$152	\$160,616	\$10,825,270	\$5,459,679	\$24,079,947	\$24,079,947	\$24,079,947	\$24,079,947

The accompanying notes are an integral part of these statements.

**Coventry Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special	Debt	Capital	Fund Type	
		Revenue	Service	Projects	Expendable Trust	
REVENUE:						
Taxes	\$6,311,947	\$0	\$352,232	\$201,725	\$0	\$6,865,904
Tuition and Fees	3,412,329	75,000	0	0	0	3,487,329
Intergovernmental	4,196,496	881,394	0	82,944	0	5,160,834
Interest	120,042	247	0	0	2,192	122,481
Extracurricular Activities	4,305	162,067	0	0	0	166,372
Other	89,174	8,922	0	0	20,384	118,480
Classroom Materials & Fees	0	0	0	0	0	0
Total Revenues	14,134,293	1,127,630	352,232	284,669	22,576	15,921,400
EXPENDITURES:						
Current						
Instruction						
Regular	6,977,443	449,065	0	50,623	13,650	7,490,781
Special	1,211,857	102,639	0	0	0	1,314,496
Vocational	176,991	0	0	0	0	176,991
Other	458,830	0	0	0	0	458,830
Support Services						
Pupil	790,023	112,990	0	0	0	903,013
Instructional Staff	526,827	77,604	0	141	0	604,572
Board of Education	33,877	391	0	165	0	34,433
Administration	1,546,595	16,819	0	2,005	0	1,565,419
Fiscal	430,628	0	0	1,266	0	431,894
Business	6,315	0	0	10,382	0	16,697
Operation and Maintenance of Plant	1,539,746	0	0	81,202	0	1,620,948
Pupil Transportation	662,675	0	0	0	0	662,675
Central	160,910	19,850	0	0	0	180,760
Community Services	3,062	248,830	0	0	0	251,892
Extracurricular Activities	245,899	87,820	0	0	0	333,719
Capital Outlay	6,019	134,281	0	1,279,502	0	1,419,802
Debt Service						
Principal and Interest Retirement	88,573	0	352,232	0	0	440,805
Total Expenditures	14,866,270	1,250,289	352,232	1,425,286	13,650	17,907,727
Revenues Over (Under)						
Expenditures	(731,977)	(122,659)	0	(1,140,617)	8,926	(1,986,327)

(Continued)

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Fund Type Expendable Trust
OTHER FINANCING SOURCES (USES):						
Sale of Assets	2,978	0	0	0	\$0	2,978
Operating Transfers - In	0	1,135	0	0	0	1,135
Operating Transfers - Out	0	(159)	0	0	0	(159)
Proceeds from Sale of Notes	220,000	0	0	834,205	0	1,054,205
Refund of Prior Year's Expenditures	39,152	0	0	0	0	39,152
Total Other Financing Sources	262,130	976	0	834,205	0	1,097,311
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(469,847)	(121,683)	0	(306,412)	8,926	(889,016)
Fund Balances (Deficit) at Beginning of Year	(1,133,428)	364,304	0	468,012	72,100	(229,012)
Fund Balances (Deficit) at End of Year	<u>\$ (1,603,275)</u>	<u>\$242,621</u>	<u>\$0</u>	<u>\$161,600</u>	<u>\$81,026</u>	<u>\$ (1,118,028)</u>

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget Basis and Actual
All Governmental Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
REVENUES			
Taxes	\$ 5,551,866	\$ 5,551,866	\$ -
Tuition and Fees	3,328,704	3,328,704	-
Intergovernmental	4,207,203	4,207,203	-
Interest	119,058	119,058	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	1,243	1,243	-
Other	91,688	91,688	-
Total Revenues	<u>13,299,762</u>	<u>13,299,762</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	6,921,223	6,920,846	377
Special	1,166,650	1,166,650	-
Vocational	175,234	175,234	-
Adult Continuing	-	-	-
Other	450,305	450,305	-
Support Services			
Pupil	806,093	787,607	18,486
Instructional Staff	531,857	531,857	-
Board of Education	19,487	19,487	-
Administration	1,573,582	1,573,582	-
Fiscal	315,594	315,974	(380)
Business	6,864	6,864	-
Operation and Maintenance of Plant	1,455,581	1,455,404	177
Pupil Transportation	664,834	664,834	-
Central	117,789	117,789	-
Food Service Operations	-	-	-
Community Services	2,298	2,298	-
Extracurricular Activities	234,928	234,928	-
Facilities Acquisition & Construction	-	-	-
Debt Service	-	-	-
Principal Retirement and Interest	88,573	88,573	-
Total Expenditures	<u>14,530,892</u>	<u>14,512,232</u>	<u>18,660</u>
Revenues Over (Under) Expenditures	<u>(1,231,130)</u>	<u>(1,212,470)</u>	<u>18,660</u>
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	2,978	2,978	-
Advances - In	14,811	14,811	-
Advances - Out	(39,035)	(36,280)	2,755
Refund of Prior Year Expenditures	39,152	39,152	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	-	-	-
Operating Transfers - Out	-	-	-
Pass throughs	-	-	-
Proceeds from Sale of Notes	970,000	970,000	-
Total Other Financing Sources (Uses)	<u>987,906</u>	<u>990,661</u>	<u>2,755</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(243,224)</u>	<u>(221,809)</u>	<u>21,415</u>
Fund Balances at Beginning of Year	134,879	134,879	-
Prior Year Encumbrances	142,654	142,654	-
Fund Balances at End of Year	<u>\$ 34,309</u>	<u>\$ 55,724</u>	<u>\$ 21,415</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,102,232	\$ 1,102,232	\$ -
75,000	75,000	-	-	-	-
886,751	886,821	70	-	-	-
247	247	-	-	-	-
162,316	162,066	(250)	-	-	-
-	-	-	-	-	-
8,922	8,922	-	-	-	-
<u>1,133,236</u>	<u>1,133,056</u>	<u>(180)</u>	<u>1,102,232</u>	<u>1,102,232</u>	<u>-</u>
590,069	461,773	128,296	-	-	-
132,132	112,673	19,459	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
115,031	111,172	3,859	-	-	-
98,993	82,117	16,876	-	-	-
-	-	-	-	-	-
36,451	33,507	2,944	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(704)	(704)	-	-	-	-
44,107	44,107	-	-	-	-
-	-	-	-	-	-
307,402	289,076	18,326	-	-	-
42,776	73,899	(31,123)	-	-	-
245,030	135,416	109,614	-	-	-
-	-	-	1,102,439	1,102,232	207
<u>1,611,287</u>	<u>1,343,036</u>	<u>268,251</u>	<u>1,102,439</u>	<u>1,102,232</u>	<u>207</u>
<u>(478,051)</u>	<u>(209,980)</u>	<u>268,071</u>	<u>(207)</u>	<u>-</u>	<u>207</u>
-	-	-	-	-	-
1,135	1,135	-	-	-	-
(21,409)	(69,805)	(48,396)	-	-	-
6,598	32,830	26,232	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(159)	(159)	-	-	-	-
(11,000)	-	11,000	-	-	-
-	-	-	-	-	-
<u>(24,835)</u>	<u>(35,999)</u>	<u>(11,164)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(502,886)	(245,979)	256,907	(207)	-	207
345,509	345,509	-	-	-	-
157,377	157,377	-	-	-	-
<u>\$ -</u>	<u>\$ 256,907</u>	<u>\$ 256,907</u>	<u>\$ (207)</u>	<u>\$ -</u>	<u>\$ 207</u>

Coventry Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget Basis and Actual
All Governmental Fund Types and Similar Trust Funds - Continued
For the Fiscal Year Ended June 30, 2001

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 198,425	\$ 198,425	\$ -
Tuition and Fees	-	-	-
Intergovernmental	95,944	82,944	(13,000)
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>294,369</u>	<u>281,369</u>	<u>(13,000)</u>
EXPENDITURES:			
Current			
Instruction			
Regular	55,046	54,627	419
Special	-	-	-
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	71,000	5,449	65,551
Board of Education	-	-	-
Administration	1,995	1,995	-
Fiscal	1,292	1,292	-
Business	10,382	10,382	-
Operation and Maintenance of Plant	87,508	87,502	6
Pupil Transportation	-	-	-
Central	-	-	-
Food Service Operations	5,790	5,790	-
Community Services	-	-	-
Extracurricular Activities	-	-	-
Facilities Acquisition & Construction	1,825,966	1,824,041	1,925
Debt Service	-	-	-
Principal Retirement and Interest	9,617	9,617	-
Total Expenditures	<u>2,068,596</u>	<u>2,000,695</u>	<u>67,901</u>
Revenues Over (Under) Expenditures	<u>(1,774,227)</u>	<u>(1,719,326)</u>	<u>54,901</u>
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	-	-	-
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	-	-	-
Operating Transfers - Out	-	-	-
Pass throughs	-	-	-
Proceeds from Sale of Notes	834,205	834,205	-
Total Other Financing Sources (Uses)	<u>834,205</u>	<u>834,205</u>	<u>-</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(940,022)</u>	<u>(885,121)</u>	<u>54,901</u>
Fund Balances at Beginning of Year	53,702	53,702	-
Prior Year Encumbrances	886,320	886,320	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 54,901</u>	<u>\$ 54,901</u>

The accompanying notes are an integral part of these statements.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 6,852,523	\$ 6,852,523	\$ -
-	-	-	3,403,704	3,403,704	-
-	-	-	5,189,898	5,176,968	(12,930)
-	-	-	119,305	119,305	-
-	-	-	162,316	162,066	(250)
-	-	-	1,243	1,243	-
15,416	15,416	-	116,026	116,026	-
<u>15,416</u>	<u>15,416</u>	<u>-</u>	<u>15,845,015</u>	<u>15,831,835</u>	<u>(13,180)</u>
62,690	14,450	48,240	7,629,028	7,451,696	177,332
490	-	490	1,299,272	1,279,323	19,949
-	-	-	175,234	175,234	-
-	-	-	-	-	-
-	-	-	450,305	450,305	-
-	-	-	-	-	-
-	-	-	921,124	898,779	22,345
-	-	-	701,850	619,423	82,427
-	-	-	19,487	19,487	-
-	-	-	1,612,028	1,609,084	2,944
-	-	-	316,886	317,266	(380)
-	-	-	17,246	17,246	-
-	-	-	-	-	-
-	-	-	1,543,089	1,542,906	183
-	-	-	664,130	664,130	-
-	-	-	161,896	161,896	-
-	-	-	5,790	5,790	-
-	-	-	309,700	291,374	18,326
-	-	-	277,704	308,827	(31,123)
-	-	-	2,070,996	1,959,457	111,539
-	-	-	-	-	-
-	-	-	1,200,629	1,200,422	207
<u>63,180</u>	<u>14,450</u>	<u>48,730</u>	<u>19,376,394</u>	<u>18,972,645</u>	<u>403,749</u>
<u>(47,764)</u>	<u>966</u>	<u>48,730</u>	<u>(3,531,379)</u>	<u>(3,140,810)</u>	<u>390,569</u>
-	-	-	2,978	2,978	-
-	-	-	15,946	15,946	-
-	-	-	(60,444)	(106,085)	(45,641)
-	-	-	45,750	71,982	26,232
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(159)	(159)	-
-	-	-	(11,000)	-	11,000
-	-	-	1,804,205	1,804,205	-
-	-	-	1,797,276	1,788,867	(8,409)
(47,764)	966	48,730	(1,734,103)	(1,351,943)	382,160
70,697	70,697	-	604,787	604,787	-
-	-	-	1,186,351	1,186,351	-
<u>\$ 22,933</u>	<u>\$ 71,663</u>	<u>\$ 48,730</u>	<u>\$ 57,035</u>	<u>\$ 439,195</u>	<u>\$ 382,160</u>

Coventry Local School District
Combined Statement of Revenues, Expenses, and Changes in
Retained Earnings - All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:			
Sales	\$415,621	\$0	\$415,621
Charges for Services	<u>21,436</u>	<u>1,300,160</u>	<u>1,321,596</u>
Total Operating Revenues	<u>437,057</u>	<u>1,300,160</u>	<u>1,737,217</u>
OPERATING EXPENSES:			
Salaries and Wages	291,527	0	291,527
Fringe Benefits	77,562	0	77,562
Contract Services	27,176	228,705	255,881
Cost of Sales	270,386	0	270,386
Depreciation	8,306	0	8,306
Claims	0	1,441,542	1,441,542
Other	2,494	0	2,494
Materials and Supplies Expense	<u>47,335</u>	<u>0</u>	<u>47,335</u>
Total Operating Expenses	<u>724,786</u>	<u>1,670,247</u>	<u>2,395,033</u>
Operating Loss	<u>(287,729)</u>	<u>(370,087)</u>	<u>(657,816)</u>
NON-OPERATING REVENUES:			
Donated Commodities	35,678	0	35,678
Operating Grants	129,957	0	129,957
Interest	<u>2,123</u>	<u>0</u>	<u>2,123</u>
Total Non-Operating Revenues	<u>167,758</u>	<u>0</u>	<u>167,758</u>
Net Loss Before Operating Transfers	(119,971)	(370,087)	(490,058)
Operating Transfers In	288	0	288
Operating Transfers Out	<u>(288)</u>	<u>0</u>	<u>(288)</u>
Net Loss	(119,971)	(370,087)	(490,058)
Retained Earnings (Deficit) at Beginning of Year	<u>(239,568)</u>	<u>21,283</u>	<u>(218,285)</u>
Retained Earnings (Deficit) at End of Year	<u><u>\$(359,539)</u></u>	<u><u>\$(348,804)</u></u>	<u><u>\$(708,343)</u></u>

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Equity - Budget Basis and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Enterprise Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Tuition and Fees	\$ 83,625	\$ 83,625	\$ -
Sales	415,635	415,635	-
Earnings on Investments	-	-	-
Classroom Materials and Fees	51,030	51,030	-
Miscellaneous	6,697	6,717	20
Operating Grants	129,957	129,957	-
Total Revenues	686,944	686,964	20
EXPENDITURES			
Salaries and Wages	301,660	314,147	(12,487)
Fringe Benefits	85,317	90,213	(4,896)
Contract Services	37,544	28,065	9,479
Supplies	360,800	327,063	33,737
Capital Outlay	8,535	8,513	22
Other	-	-	-
Total Expenses	793,856	768,001	25,855
Revenues Over (Under) Expenses	(106,912)	(81,037)	25,875
OTHER FINANCING SOURCES (USES):			
Advances - In	77,032	77,032	-
Advances - Out	(18,588)	(18,588)	-
Operating Transfers - In	288	288	-
Operating Transfers - Out	(288)	(288)	-
Total Other Financing Sources (Uses)	58,444	58,444	-
Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(48,468)	(22,593)	25,875
Fund Balances at Beginning of Year	27,679	27,679	-
Prior Year Encumbrances	20,789	20,789	-
Fund Balances at End of Year	\$ -	\$ 25,875	\$ 25,875

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Equity - Budget Basis and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Internal Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Tuition and Fees	\$ -	\$ -	\$ -
Sales	-	-	-
Interest	-	-	-
Classroom Materials and Fees	-	-	-
Operating Grants	-	-	-
Miscellaneous	1,300,160	1,300,160	-
Total Revenues	<u>1,300,160</u>	<u>1,300,160</u>	<u>-</u>
EXPENDITURES			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Contract Services	228,705	228,705	-
Supplies	-	-	-
Capital Outlay	-	-	-
Other	1,145,436	1,145,285	151
Total Expenses	<u>1,374,141</u>	<u>1,373,990</u>	<u>151</u>
Revenues Over (Under) Expenses	<u>(73,981)</u>	<u>(73,830)</u>	<u>151</u>
OTHER FINANCING SOURCES (USES):			
Refund of Prior Year's Expenditures	-	-	-
Operating Transfers - In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	<u>(73,981)</u>	<u>(73,830)</u>	<u>151</u>
Fund Balances at Beginning of Year	73,581	73,581	-
Prior Year Encumbrances	<u>400</u>	<u>400</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 151</u>

The accompanying notes are an integral part of these statements.

Coventry Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
Cash flows from operating activities:			
Operating loss	\$ (287,729)	\$ (370,087)	\$ (657,816)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	8,306	-	8,306
Donated commodities in cost of sales	92,424	-	92,424
Change in assets and liabilities that increase (decrease) cash flow from operations			
Accounts receivable	14	-	14
Intergovernmental receivable	-	-	-
Material and supplies inventory	-	-	-
Prepaid items	-	-	-
Accounts payable	29,884	-	29,884
Accrued wages and benefits	18,181	-	18,181
Compensated absences	8,169	-	8,169
Intergovernmental payable	4,088	-	4,088
Deferred revenue	615	-	615
Claims payable	-	296,257	296,257
Net cash (used in) operating activities	<u>(126,048)</u>	<u>(73,830)</u>	<u>(199,878)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Cash flows from noncapital financing activities:			
Operating grants received	129,957	-	129,957
Other non-operating revenue	2,123	-	2,123
Operating transfers - net	-	-	-
Net cash provided by noncapital financing activities	<u>132,080</u>	<u>-</u>	<u>132,080</u>
Net increase (decrease) in cash and cash equivalents	6,032	(73,830)	(67,798)
Cash and cash equivalents - beginning of year	<u>20,771</u>	<u>73,982</u>	<u>94,753</u>
Cash and cash equivalents - end of year	<u>\$ 26,803</u>	<u>\$ 152</u>	<u>\$ 26,955</u>
Noncash capital, investing and related financing activities			
Donated commodities received	\$ 35,678	\$ -	\$ 35,678

The accompanying notes are an integral part of these statements.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Coventry Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's six instructional facilities and one administrative building staffed by 113 classified employees and 167 certificated full-time teaching personnel, who provide services to 2,391 students.

Reporting Entity

A reporting entity is comprised of the primary, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Coventry Local School District, this includes general operations, food service, preschool and student related activities of the School District. The following activity is also included within the reporting entity.

Nonpublic School Within the School District boundaries, St. Francis De Sales School is operated through the Cleveland Diocese. Current State legislation provides funding for this nonpublic school. These monies are received and disbursed on behalf on the nonpublic school by the Treasurer of the School District, as directed by the nonpublic school. The activity of these State monies by the School District is reflected in a special revenue fund for financial purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY – Continued

Reporting Entity – Continued

units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The School District is associated with three jointly governed organizations and a public entity risk pool. These organizations are presented in Note H to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Northeast Ohio Network for Education Technology
Portage Lakes Career Center
Interval Opportunity School

Public Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group
Rating Program

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Coventry Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

1. *Basis of Presentation – Fund Accounting*

The School District uses funds and account groups to report its financial position, the results of operations and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. *Basis of Presentation – Fund Accounting – Continued*

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types – Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary or trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund – The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. *Basis of Presentation – Fund Accounting – Continued*

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

Proprietary Fund Types – Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund types:

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types – Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. For the School District, these include expendable trust and agency. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups – To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

1. *Basis of Presentation – Fund Accounting – Continued*

General Fixed Assets Account Group – This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group – This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

2. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. *Measurement Focus and Basis of Accounting* – Continued

The modified accrual basis of accounting is followed for governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. “Measurable” means that amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Budgetary Data*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the School District Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget – Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources – Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and received the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Budgetary Data* – Continued

Appropriations – Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts approved by the Board during fiscal year 2001, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances – As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations – At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. *Cash and Cash Equivalents*

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2001, investments were limited to repurchase agreements and nonnegotiable certificates of deposits. These nonparticipating investment contracts are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$120,042.

The School District has segregated bank accounts for monies held separated from the School District's central bank account. This depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated account" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

5. *Inventory*

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. *Inventory – Continued*

funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Since the governmental funds' inventory balance at June 30, 2001, was not significant, an amount was not reported on the combined balance sheet.

6. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year in which services are consumed.

7. *Restrict Assets*

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks and to create a reserve for budget stabilization. See Note T for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

8. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. *Fixed Assets and Depreciation* – Continued

Assets in the general fixed assets account group are not depreciated. Depreciation of assets in the proprietary fund types is computed using the straight line method over an estimated useful life of ten years for furniture and equipment and twenty-five years for buildings. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

9. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable. The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Textbooks and Instructional Materials

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services

Venture Grant

Teacher Development

Title VIB

Title I

Title VI

Drug Free Schools

Educational Management Information System

Public Preschool

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. *Intergovernmental Revenues - Continued*

Disadvantaged Pupils Program
EHA Preschool Grants for the Handicapped
Professional Development

Capital Projects Fund
School NetPlus

Reimbursable Grants
General Fund
Driver Education Reimbursement

Proprietary Funds
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 30 percent of governmental fund revenue during the 2001 fiscal year.

10. *Interfund Assets and Liabilities*

Short-term interfund loans are classified as “interfund receivables/payables.” Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet.

11. *Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. *Compensated Absences - Continued*

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

12. *Contributed Capital*

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

13. *Accrued Liabilities and Long-Term Obligations*

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid after sixty days are considered not to have been paid with current available financial resources. Bonds are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

13. Accrued Liabilities and Long-Term Obligations – Continued

Under Ohio Law, a debt retirement fund may be created and used for the payment of debt. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds.

To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

14. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

15. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, and textbooks and instruction material.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

16. *Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

17. *Total Columns on General Purpose Financial Statements*

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

18. *Change in Accounting Principles*

For the fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenue." At June 30, 2001, there was no effect on fund balance due to this implement action.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE C – ACCOUNTABILITY AND COMPLIANCE

1. *Fund Deficits*

The following funds had deficit fund balances/retained earnings at June 30, 2001:

	Deficit Fund Balance/Retained Earnings
General Fund	\$ 1,603,275
Special Revenue Funds:	
Student Activities	28,575
Public School Preschool	22,738
Preschool Grants	4,171
Enterprise Fund:	
Food Service	208,792
Portage Lakes Fitness Center	51,921
Internal Service Fund:	
Self Insurance	348,804

The general fund concluded fiscal year 2001 with a deficit fund balance of \$1,603,275. The general fund deficit fund balance resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The deficit fund balances in the special revenue, capital projects and food service funds resulted from the adjustment for accrued liabilities. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE D – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE D – BUDGETARY BASIS OF ACCOUNTING – Continued

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ (469,847)	\$ (121,683)	\$ 0	\$ (306,412)	\$ 8,926
Net Adjustments for Revenue Accruals	(84,531)	5,426	0	2,490	(7,160)
Advances In	14,811	1,135	0	0	0
Net Adjustments for Expenditure					
Accruals	354,038	(61,052)	0	(581,199)	(800)
Advances Out	(36,280)	(69,805)	0	0	0
Budget Basis	<u>\$ (221,809)</u>	<u>\$ (245,979)</u>	<u>\$ 0</u>	<u>\$ (885,121)</u>	<u>\$ 966</u>

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE D – BUDGETARY BASIS OF ACCOUNTING – Continued

Net Income/Excess of Revenues and Operating Transfer In
Over Expenses
All Proprietary Fund Types

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	\$ (119,971)	\$ (370,087)
Net Adjustments for Revenue Accruals	82,149	0
Net Adjustment for Expense Accruals	6,923	296,257
Depreciation Expense	8,306	0
Budget Basis	<u>\$ (22,593)</u>	<u>\$ (73,830)</u>

NOTE E – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE E – DEPOSITS AND INVESTMENTS - Continued

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE E – DEPOSITS AND INVESTMENTS - Continued

7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

Deposits – At fiscal year end, the carrying amount of the School District's deposits was \$165,160 and the bank balance was \$266,523. \$139,314 of the bank balance was covered by federal depository insurance; and \$127,209 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE E – DEPOSITS AND INVESTMENTS – Continued

Investments – The School District’s investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District’s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty’s trust department or agent in the School District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District’s name. At June, 2001, the School District had a category 3 repurchase agreement with a carrying amount and a fair value of \$685,000.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.” A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 850,154	\$ 0
Repurchase agreement which is part of a cash management pool:	(685,000)	685,000
GASB Statement No. 3	\$ 165,154	\$ 685,000

NOTE F – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE F – PROPERTY TAXES - Continued

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2001 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$217,421,800	91.71%
Tangible Personal Property	<u>19,652,319</u>	<u>8.29</u>
Total Assessed Values	<u>\$237,074,119</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$64.91

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE F – PROPERTY TAXES - Continued

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Summit County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Coventry Local School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2001, was \$182,026 in the general fund and \$8,635 in the permanent improvements capital projects fund.

NOTE G – RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (rent and student fees), intergovernmental grants and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal item of intergovernmental receivable follows:

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE G – RECEIVABLES - Continued

	<u>Amounts</u>
General Fund:	
MRDD Program	\$6,926
Total All Funds	<u>\$6,926</u>

NOTE H – JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL

1. *Jointly Governed Organizations*

The Northeast Ohio Network for Educational Technology (NEONET) is a jointly governed organization among eighteen school districts and the Summit County Educational Service Center, and was formed July 1, 1995. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEONET including budgeting, appropriating, contracting and designating management. The nine member board of directors consists of the superintendent of the fiscal agent, three operating committee chairs, the chair of the assembly, three at-large assembly members and the site administrator. All revenues are generated from an annual fee of \$7.70 per student of participating districts and State funding. The Summit County Educational Service Center is the fiscal agent of NEONET. Financial information can be obtained by writing to the Summit County Educational Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

Portage Lakes Career Center is a jointly governed organization created to provide for the vocational and special education needs of the students. The Board is comprised of representatives from the elected board of each participating school district. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Coventry Local School District students may attend the

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

**NOTE H – JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY
RISK POOL - Continued**

1. Jointly Governed Organizations - Continued

vocational school. Each School District's control is limited to its representation on the board. Financial information can be obtained by writing to the Portage Lakes Career Center, 4401 Shriver Road, Green, Ohio 44232.

The Interval Opportunity School is a jointly governed organization of three area public school districts, to provide "at risk students" with a better opportunity to succeed in both their academic and social maturation. Each member district pays an annual fee based on the number of students serviced. The Interval Opportunity School is governed by a Board of Directors comprised of the superintendents from Portage Lakes Career Center, Green Local Schools and Coventry Local School District. The continued existence of the Interval Opportunity School is not dependent on the School District's continued participation and no equity interest exists.

2. Public Entity Risk Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE I – RISK MANAGEMENT

1. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with several insurance companies for various types of insurances as follows:

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE I – RISK MANAGEMENT – Continued

1. *Property and Liability* – Continued

<u>Company</u>	<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Coregis Insurance Company	Business Auto Liability	\$1,000,000	\$0
	Uninsured Motorist	1,000,000	250
	Medical Payments per person	3,000	0
	Auto Comprehensive Coverage		0
	Auto Collision Coverage		250
	Commercial General Liability		
	General Aggregate Limit	5,000,000	0
	Each Occurrence Limit	2,000,000	0
	Employers Liability		
	Each Accident	1,000,000	0
	Each Employee by Disease	1,000,000	0
	Policy Limit by Disease	3,000,000	0
	Education Liability		
	General Aggregate Limit	5,000,000	0
	Each Occurrence Limit	2,000,000	0
	Fire Damage Limit	100,000	0
	Medical Expense Limit	5,000	0
	Property Coverage		
	Blanket Building and Contents	39,680,883	1,000
	Crime Coverage		
	Employee Dishonesty	100,000	250
	Depositor's Forgery	50,000	250
	Money & Securities Inside and Outside Premises	40,000	250
Kemper National Insurance Company	Boiler and Machinery	50,000,000	1,000

Settlements have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE I – RISK MANAGEMENT – Continued

2. *Workers' Compensation*

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note H). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

3. *Self-Insurance*

The School District has elected to provide health care coverage to its employees through a self-insured program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The plan provides for a medical/surgical plan, dental and vision care. A third party administrator, Managed Care of America Insurance Company, located in Columbus, Ohio reviews all claims which are then paid by the School District. The School District pays into the self-insurance fund \$54.87 for family coverage and \$37.77 for individual coverage per employee per month.

The School District purchases stop-loss coverage of \$50,000 per year per individual and \$982,669 per aggregate.

The claims liability of \$348,956 reported in the self-insurance internal service fund at June 30, 2001, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third party

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE I – RISK MANAGEMENT – Continued

3. *Self-Insurance* - Continued

administrator. The estimate was not affected by incremental claim adjustment expenses and does not included other allocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two fiscal years follow:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2000	\$ 27,626	\$ 1,091,974	\$ 1,066,901	\$ 52,699
2001	52,699	1,441,542	1,145,285	348,956

NOTE J – FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Land	\$ 14,323
Buildings	110,628
Furniture and Equipment	170,085
Less: Accumulated Depreciation	<u>192,850</u>
Net Fixed Assets	<u>\$ 102,186</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
Land	\$ 410,677	\$ 0	\$ 0	\$ 410,677
Buildings and Improvements	7,765,809	0	0	7,765,809
Furniture and Equipment	1,427,470	238,582	19,629	1,646,423
Vehicles	1,002,361	0	0	1,002,361
Total General Fixed Assets	<u>\$10,606,317</u>	<u>\$238,582</u>	<u>\$19,629</u>	<u>\$10,825,270</u>

There was no significant construction in progress at June 30, 2001.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE K – DEFINED BENEFIT PENSION PLANS

1. *School Employees Retirement System*

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided per State statute by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that included financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 7.70 percent of covered payroll was the portion used to fund pension obligations. For fiscal year 1999, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$305,304, \$286,330 and \$151,243, respectively; 42.32 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$176,084, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

2. *State Teachers' Retirement System*

The School District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE K – DEFINED BENEFIT PENSION PLANS – Continued

2. *State Teachers' Retirement System* – Continued

that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers; Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 9.3 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$1,018,332, \$972,637, and \$404,599, respectively; 82.7 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$176,096, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTE L – POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE L – POSTEMPLOYMENT BENEFITS – Continued

For the fiscal year, employer contributions to fund health care benefits were 5.01 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The number of participants currently receiving health care benefits is 50,000.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$111.9 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$140.7 million.

For STRS, all benefit recipients are required to pay a portion of health care cost in form of monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was 2.783 million on June 30, 2000. As of July 1, 2000, eligible benefit recipients statewide totaled 99,011. For the fiscal year ended June 30, 2000, net health care costs paid by STRS statewide were \$283,137,000.

NOTE M – OTHER EMPLOYEE BENEFITS

1. *Compensated Absences*

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators, who are not on a twelve month contract, do not earn vacation time.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE M – OTHER EMPLOYEE BENEFITS – Continued

1. Compensated Absences – Continued

Teachers, administrators and classified employees are entitled to a sick leave credit equal to one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days. Upon retirement, payment is made to certificated employees for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 140 days plus one-half of the excess of 205 days. The amount paid to classified employees upon retirement is one-fourth of the first 160 days of sick leave plus one-half of the excess of 190 days not to exceed 200 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

2. Life Insurance

The School District provides life insurance to employees through OSBA Insurance Trust, Metropolitan Life Company. The amounts provided equal the employee's annual salary or as otherwise stated according to negotiated agreements.

NOTE N – NOTE AND LOANS PAYABLE

The School District's note and loan activity, including amounts outstanding and interest rates follow:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/01</u>
General Fund:				
Tax Anticipation Note 4.96%	\$0	\$750,000	\$ 750,000	\$0
Total Notes and Loans	\$0	\$750,000	\$ 750,000	\$0

The tax anticipation note is backed by the full faith and credit of the School District. All notes mature within one year. The State operating loan was repaid from State foundation revenue.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE O – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	<u>Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/01</u>
Compensated Absences	\$ 577,193	\$ 19,802	\$ 161,124	\$ 435,871
Intergovernmental Payable	100,892	117,392	100,892	117,392
Energy Conversation Note 6.32%	842,535	0	35,324	807,211
Energy Conservation, Phase 2	0	834,205	0	834,205
General Obligation Bond:				
Bus Acquisition bond, Series 2000, 5.91%	0	220,000	0	220,000
1993 School Improvement 5.50%	<u>3,205,000</u>	<u>0</u>	<u>160,000</u>	<u>3,045,000</u>
Total General Long-Term Obligations	<u>\$4,725,620</u>	<u>\$1,191,399</u>	<u>\$ 457,340</u>	<u>\$ 5,459,679</u>

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. The school improvement general obligation bond and energy conservation note are being retired from the debt service fund.

COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE O – LONG-TERM OBLIGATIONS – Continued

Principal and interest requirements to retire the general obligation bond and energy conservation notes outstanding at June 30, 2001 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2002	\$ 280,908	\$ 275,837	\$ 556,745
2003	292,172	264,139	556,311
2004	309,457	246,954	556,411
2005	327,195	228,767	555,962
2006	345,322	209,548	554,870
2007-2011	1,778,719	748,155	2,526,874
2012-2016	1,572,564	199,533	1,772,097
Total	<u>\$ 4,906,337</u>	<u>\$ 2,172,933</u>	<u>\$ 7,079,270</u>

NOTE P – CONTRIBUTED CAPITAL

During fiscal year 2001, there was no increase in contributed capital in the food service enterprise fund.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE Q – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and recreation. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Recreation	Total Enterprise Funds
Operating Revenues	\$387,984	\$ 49,073	\$ 0	\$ 437,057
Depreciation Expense	1,827	0	6,479	8,306
Operating Income (Loss)	(282,988)	1,738	(6,479)	(287,729)
Donated Commodities	35,678	0	0	35,678
Operating Grants	129,957	0	0	129,957
Operating Transfers In	0	288	0	288
Net Income (Loss)	(117,353)	3,861	(6,479)	(119,971)
Net Working Capital	(207,157)	22,729	0	(184,428)
Total Assets	13,224	26,830	103,821	143,875
Total Liabilities	\$222,016	\$ 4,101	\$ 0	\$ 226,117
Total Equity	(208,792)	22,729	103,821	(82,242)
Encumbrances Outstanding at June 30, 2001	0	4,387	0	4,387

NOTE R – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE R – STATE SCHOOL FUNDING DECISION - Continued

- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 15, 2001 the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE S – CONTINGENCIES

1. *Grants*

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE S – CONTINGENCIES - Continued

2. Litigation

The School District is party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims will not have a material adverse effect, if any, on the financial condition of the School District.

NOTE T – OTHER REQUIRED FUND DISCLOSURES

1. Set Asides Requirements

State of Ohio House Bill 412 requires the School District to set-aside a portion of their general operating resources for future use. For the fiscal year ended June 30, 2001, the following table disclose the required set-asides.

	<u>Budget Stabilization</u>	<u>Textbook/ Instructional</u>	<u>Capital Improvements</u>
The balance of the set-aside carried forward from the prior year	\$ 79,810	\$ 71,080	\$ 0
Current fiscal year set-aside requirement	0	285,000	285,000
Qualifying expenditures during the fiscal year	79,810	(354,299)	(44,102)
Offsets for the fiscal year	<u>0</u>	<u>0</u>	<u>(259,480)</u>
Total	<u>0</u>	<u>1,781</u>	<u>(18,582)</u>
The balance of the set-aside carried forward to the next fiscal year	<u>0</u>	<u>1,781</u>	<u>0</u>
Total Restricted Assets			<u>\$ 1,781</u>

The School District had offsets during the fiscal year that reduced the capital improvements set-aside amount to below zero. Effective in the current fiscal year, these extra amounts may be used to reduce the set-aside requirements of future years. There are no amounts required to be set-aside for budget stabilization for fiscal year 2001, due to the School District being in fiscal watch.

**COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2001

NOTE U – FISCAL WATCH

The State Auditor's Office declared the School District in fiscal watch on May 15, 1997, due to the School District's financial condition. Districts declared in fiscal watch are required to immediately develop a financial recovery plan to eliminate the operating deficit and avoid future deficits. The School District has submitted their initial financial recovery plan which was approved by the State Superintendent of Public Instruction in July, 1997.

**Coventry Local School District
Summit County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001**

<u>Federal Program</u>	<u>CFDA#</u>	<u>Pass-through Agency Awarding Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
United States Department of Agriculture						
Passed-through Ohio Department of Education						
Child Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$35,678		\$35,063
National School Lunch Program	10.555	04-PU	122,843		122,843	
Total United States Department of Agriculture-Child Nutrition Center			<u>122,843</u>	<u>35,678</u>	<u>122,843</u>	<u>35,063</u>
United States Department of Education						
Passed-through Ohio Department of Education:						
Title I Grants to Local Educational Agencies	84.010	C1-SD	124,296		108,972	
Total Title I Grants to Local Educational Agencies			<u>124,296</u>		<u>108,972</u>	
Innovative Education Program Strategies	84.298	C2-S1	15,844		14,173	
Total Innovative Education Programs Strategies			<u>15,844</u>		<u>14,173</u>	
Eisenhower Proficiency Development	84.281	MS-S1	7840		7240	
Total Eisenhower Proficiency Development			<u>7840</u>		<u>7240</u>	
Special Education Cluster:						
Special Education Grants to States	84.027	6B-SF	137,514		98,084	
Total Special Education Grants to States			<u>137,514</u>		<u>98,084</u>	
Special Education Pre-school Grants	84.173	PG-S1	22,734		22,270	
Total Special Education Pre-school Grants			<u>22,734</u>		<u>22,270</u>	
Total Special Education Cluster			<u>160,248</u>		<u>120,354</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	DR-S1	12,963		9,157	
Total Safe and Drug-Free Schools and Communities State Grants			<u>12,963</u>		<u>9,157</u>	
Goals 2000 State and Local Education Systematic Improvement	84.276	C2-S1	35,000		38,430	
Total Goals 2000 State and Local Education Systematic Improvement			<u>35,000</u>		<u>38,430</u>	
Passed Through Summit County Educational Service Center						
Technology Innovation Challenge Grants	84.303	N/A	-		2,666	
Total Technology Innovation Challenge Grants			<u>-</u>		<u>2,666</u>	
Title VI-R	84.34	N/A	51,618		56,817	
Total Title VI-R			<u>51,618</u>		<u>56,817</u>	
Total United States Department of Education			<u>407,809</u>	<u>-</u>	<u>357,809</u>	<u>-</u>

**Coventry Local School District
Summit County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001**

<u>Federal Program</u>	<u>CFDA#</u>	<u>Pass-through Agency Awarding Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
United States Department of Health and Human Services						
Passed Through Summit County						
Medical Assistance Program	93.778	N/A	61,086		44,080	
Total United States Department of Health and Human Services			<u>61,086</u>	<u>-</u>	<u>44,080</u>	<u>-</u>
Total			<u><u>591,738</u></u>	<u><u>35,678</u></u>	<u><u>524,732</u></u>	<u><u>35,063</u></u>

**COVENTRY LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards, Receipts and Expenditures is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of General Purpose
Financial Statements Performed in Accordance with
Governmental Auditing Standards**

To the Board of Education
Coventry Local School District
Akron, OH 44319-1479

We have audited the general purpose financial statements of the Coventry Local School District (the District), as of and for the year ended June 30, 2001 and have issued our report thereon dated November 26, 2001. 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 Coventry Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on 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 are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 3, 2001.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Coventry Local School District's internal control over financial reporting in order 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 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.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Moore Stephens Apple

Akron, Ohio
November 26, 2001

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Board of Education
Coventry Local School District
Akron, Ohio 44319-1479

Compliance

We have audited the compliance of Coventry Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Coventry Local School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coventry Local School District's management. Our responsibility is to express an opinion on Coventry Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those Standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coventry Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coventry Local School District's compliance with those requirements.

In our opinion, Coventry Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Coventry Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Coventry Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Moore Stephens Apple

Akron, Ohio
November 26, 2001

Coventry Local School District - Summit County

Schedule of Findings and Questioned Costs

June 30, 2001

1. Summary of Auditors' Results

Unqualified opinion was issued on the financial statements.

Material control weaknesses at the financial statement level – none noted.

Other reportable control weakness conditions reported at the financial statement level - none noted.

There was no material non-compliance at the financial statement level.

Reportable control weaknesses for major federal programs – none noted.

For those items tested, there was no material non-compliance for major federal programs.

Unqualified opinion was issued on major programs compliance.

The audit disclosed no findings under OMB Circular A-133.

The District's major programs tested were Title I – CFDA #84.010, Child Nutrition Cluster; National School Lunch – CFDA #10.555; Food Distribution – CFDA #10.550, and Special Education Cluster; Special Education Grants to States – CFDA #84.027 and Special Education Pre-School Grants – CFDA #84.173.

The dollar threshold used for Type A Programs was \$300,000 and Type B programs were all other programs.

The Auditee was not low risk.

2. There were no audit findings or questioned costs for federal awards during the year ended June 30, 2001.

3. There were no audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards for the year ended June 30, 2001.

Coventry Local School District - Summit County

Schedule of Prior Audit Findings

June 30, 2001

The prior audit report of the Coventry Local School District, issued as of June 30, 2000, included various citations and recommendations. These items have either been corrected or are included in the applicable section of the current year audit report.



STATE OF OHIO
OFFICE OF THE AUDITOR

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COVENTRY LOCAL SCHOOL DISTRICT

SUMMIT 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
MAY 9, 2002**