

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



**COVENTRY TOWNSHIP
SUMMIT COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

www.perrycpas.com

...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Coventry Township
68 Portage Lakes Drive
Akron, Ohio 44319

We have reviewed the *Independent Auditor's Report* of Coventry Township, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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. Coventry Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 3, 2017

This page intentionally left blank.

COVENTRY TOWNSHIP
SUMMIT COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12
Schedule of Audit Findings	14

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

INDEPENDENT AUDITOR'S REPORT

June 23, 2017

Coventry Township
Summit County
68 Portage Lakes Drive
Akron, Ohio 44319

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Coventry Township**, Summit County, (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

...***"bringing more to the table"***

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Coventry Township, Summit County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 279,696	\$ 2,988,422	\$ -	\$ 3,268,118
Charges for Services	-	230,307	-	230,307
Licenses, Permits and Fees	89,789	7,910	-	97,699
Fines and Forfeitures	8,873	-	-	8,873
Intergovernmental	394,195	290,825	-	685,020
Special Assessments	-	26,450	-	26,450
Earnings on Investments	2,040	142	-	2,182
Miscellaneous	27,119	34,785	-	61,904
<i>Total Cash Receipts</i>	<u>801,712</u>	<u>3,578,841</u>	<u>-</u>	<u>4,380,553</u>
Cash Disbursements				
Current:				
General Government	544,662	-	-	544,662
Public Safety	35,767	2,844,989	-	2,880,756
Public Works	17,844	598,544	-	616,388
Health	899	11,043	-	11,942
Conservation-Recreation	26,907	-	-	26,907
Capital Outlay	19,518	218,514	-	238,032
<i>Total Cash Disbursements</i>	<u>645,597</u>	<u>3,673,090</u>	<u>-</u>	<u>4,318,687</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>156,115</u>	<u>(94,249)</u>	<u>-</u>	<u>61,866</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	380,000	380,000
Transfers in	-	807,000	-	807,000
Transfers Out	(807,000)	-	-	(807,000)
Advances In	-	20,000	-	20,000
Advances Out	(20,000)	-	-	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(827,000)</u>	<u>827,000</u>	<u>380,000</u>	<u>380,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(670,885)</u>	<u>732,751</u>	<u>380,000</u>	<u>441,866</u>
<i>Fund Cash Balances, January 1</i>	<u>2,554,415</u>	<u>1,381,985</u>	<u>-</u>	<u>3,936,400</u>
Fund Cash Balances, December 31				
Restricted	-	1,975,910	380,000	2,355,910
Committed	-	138,826	-	138,826
Assigned	66,353	-	-	66,353
Unassigned	1,817,177	-	-	1,817,177
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,883,530</u>	<u>\$ 2,114,736</u>	<u>\$ 380,000</u>	<u>\$ 4,378,266</u>

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 293,282	\$ 2,522,645	\$ 2,815,927
Charges for Services	-	284,403	284,403
Licenses, Permits and Fees	92,186	7,303	99,489
Fines and Forfeitures	11,372	-	11,372
Intergovernmental	441,852	180,411	622,263
Special Assessments	-	22,353	22,353
Earnings on Investments	2,084	136	2,220
Miscellaneous	14,950	49,422	64,372
<i>Total Cash Receipts</i>	<u>855,726</u>	<u>3,066,673</u>	<u>3,922,399</u>
Cash Disbursements			
Current:			
General Government	562,114	-	562,114
Public Safety	11,975	2,691,795	2,703,770
Public Works	20,162	685,109	705,271
Health	7,764	9,875	17,639
Conservation- Recreation	81,858	-	81,858
Capital Outlay	81,712	19,417	101,129
Debt Service:			
Principal Retirement	-	119,844	119,844
Interest and Fiscal Charges	-	3,292	3,292
<i>Total Cash Disbursements</i>	<u>765,585</u>	<u>3,529,332</u>	<u>4,294,917</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	90,141	(462,659)	(372,518)
Other Financing Receipts (Disbursements)			
Transfers In	-	60,147	60,147
Transfers Out	(60,147)	-	(60,147)
Advances in	-	75,766	75,766
Advances Out	(75,766)	-	(75,766)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(135,913)</u>	<u>135,913</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(45,772)	(326,746)	(372,518)
<i>Fund Cash Balances, January 1</i>	<u>2,600,187</u>	<u>1,708,731</u>	<u>4,308,918</u>
Fund Cash Balances, December 31			
Restricted	-	1,216,828	1,216,828
Committed	-	165,157	165,157
Assigned	54,484	-	54,484
Unassigned	2,499,931	-	2,499,931
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,554,415</u>	<u>\$ 1,381,985</u>	<u>\$ 3,936,400</u>

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Coventry Township, Summit County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and emergency fire services. The Township contracts with the Summit County Sheriff's Department for police protection.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township is associated with one jointly-governed venture with the City Of Akron known as the JEDD Agreement. This agreement provides the Township with a percentage of the taxes generated by those businesses located in the JEDD district. A description of the joint venture can be seen at note 10.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police Levy Fund This fund receives tax money from a 2.6 million dollar tax levy to help cover the cost of police protection.

Fire District Fund This fund receives property tax money from two special fire levies to help cover the cost of fire protection.

Capital Projects Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Capital Projects Fund:

COVENTRY TOWNSHIP
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fire Equipment Pumper Fund This fund was created in 2016 and received monies from a loan for the purchase of a new fire pumper truck.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried forward, and need not be reappropriated.

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

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

COVENTRY TOWNSHIP
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Pumper Truck Fund by \$380,000 for the year ended December 31, 2016. Also contrary to Ohio law, appropriation authority exceeded estimated resources in the Police Levy Fund by \$13,442 at December 31, 2015.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 913,847	\$ 801,712	\$ (112,135)
Special Revenue	4,065,330	4,385,841	320,511
Capital Projects	380,000	380,000	-
Total	\$ 5,359,177	\$ 5,567,553	\$ 208,376

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,668,316	\$ 1,508,950	\$ 159,366
Special Revenue	5,035,731	4,091,031	944,700
Capital Projects	-	380,000	(380,000)
Total	\$ 6,704,047	\$ 5,979,981	\$ 724,066

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 876,680	\$ 855,726	\$ (20,954)
Special Revenue	3,393,743	3,126,820	(266,923)
Total	\$ 4,270,423	\$ 3,982,546	\$ (287,877)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,524,570	\$ 870,123	\$ 654,447
Special Revenue	4,596,824	4,105,407	491,417
Total	\$ 6,121,394	\$ 4,975,530	\$ 1,145,864

Note 5 – Deposits and Investments

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016	2015
Demand Deposits	\$(6,734)	\$(3,600)
Repurchase Agreement	\$4,385,000	\$3,940,000
Total Deposits and investments	\$4,378,266	\$3,936,400

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 5 – Deposits and Investments (Continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7 – Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2016</u>	<u>2015</u>
\$59,367	\$61,845

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

One full-time, one part-time and the elected officials in the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 8 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

All of the Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% from January 1, 2015 through June 30, 2015 and 12.25% from July 1, 2015 through December 31, 2016 of their wages. The Township contributed to OP&F an amount equal to and 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2016.

Social Security

Some of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 9 – Leases

The Township paid off the prior audit outstanding debt issuance for a Fire Truck in July 2015.

In December, 2016 the Fire/EMS department has assumed debt of \$380,000.00 with a 2 percent interest rate for the purchase of a new Pierce Manufacturing Pumper Truck. This debt amount of \$380,000.00 is in the form of a one year lease with Huntington Bank, NA., the payment of said debt is from Fire/EMS funds and was approved by The Coventry Board of Trustees Resolution #161208-04. The lease was paid in full in January 2017.

Note 10 - Joint Ventures

Coventry Township was the first Township in the State of Ohio to join with the City of Akron to form a JEDD in 1994. The Township receives Two and One Quarter Percent (2.25%) of the income tax receipts from those businesses located in the JEDD. This was done in exchange for the City of Akron to install and maintain water service to these commercial areas.

Note 11 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 23, 2017

Coventry Township
Summit County
68 Portage Lakes Drive
Akron, Ohio 44319

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Coventry Township**, Summit County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 23, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

www.perrycpas.com
...*"bringing more to the table"*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2016-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 23, 2017.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Material Weakness / Noncompliance

Ohio Rev. Code § 5705.14 requires a resolution of the taxing authority passed by an affirmative vote of two-thirds of the members (except a simple majority is sufficient for transfers from the general fund).

Although **Ohio Rev. Code §5705.16** expressly permits these transfers and advances, they must be approved. In addition to the above matters, Auditor of State Bulletin 97-003 indicates that in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established; The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:

- a. A specific statement that the transaction is an advance of cash, and
- b. An indication of the money (fund) from which it is expected that repayment will be made.

In 2016 and 2015, the Township made multiple transfers and advances from the General Fund to the Special Revenue Funds. The transfers and advances were not formally approved. The financial statements were not adjusted to remove these transfers and advances.

In 2015, the Township made the following unapproved advances and transfers:

Fund	Advance In	Advance Out	Transfer In	Transfer Out
General Fund		(\$73,266)		(\$25,973)
Fire/EMS 4.65 Mill Fund	\$65,266		\$17,000	
Fire/EMS Levy 2.25 Fund			\$8,973	
Lighting District Fund	\$8,000			

In 2016, the Township made the following unapproved transfers:

Fund	Advance In	Advance Out	Transfer In	Transfer Out
General Fund				(\$812,000)
Police Levy Fund			\$682,000	
EPA SWIF Grant Fund			\$130,000	

These advances were not approved by resolution and therefore, there was no indication that the transactions were advances or when repayment was expected.

We recommend the Township follow Ohio Rev. Code § 5705.14 through 5705.16 and the Township approve the transfers and advances by resolution and record in the minutes.

Management's Response – When I initially began in this position, neither I nor any of the Trustees were aware of the difference between an Advance and a Transfer. After realizing the difference, I have met with Local Government Services and spoke to representatives from both the Office of the Attorney General and State Auditor. They explained that our Township Attorney would have to represent us and show how and why the error occurred. He has done this and we are waiting for the required permissions to reverse these errors. Also, the Trustees are aware of the situation and we have a resolution providing the pursuit of accomplishing these changes.

COVENTRY TOWNSHIP
SUMMIT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2016-002

Material Weakness

Posting Receipts and Disbursements and Fund Classification

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

Receipts and disbursements were not always posted correctly. The following posting errors were noted:

- The Township approved an advance of \$20,000 from the General Fund to the EPA SWIF Grant Fund, but incorrectly posted it to transfers in. We adjusted the whole amount from advances in to transfers in.
- The Township classified the Zoning Fund as Special Revenue instead of to the General Fund. We made adjustments to move all zoning activity (including outstanding fund balance) for 2016 and 2015 into the General Fund.
- In 2015, the Township misclassified principal and interest payments. The Township classified the principal payment to Other – Debt Service instead of Note Principal Payments. We made the adjustment to correct this misclassification.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. All adjustments have been made in the Township's accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursements accounts and posting of receipts and disbursements. We also recommend that the Township review AOS Technical Bulletin 2011-004 when classifying fund types.

Management's Response – These errors have been recognized and will be corrected. There was some misunderstanding when discussing the methods of accounting with LGS and they are assisting me with the correct posting. Concurrently, we are working with them to assist in reviewing and correcting these deficiencies. This will get our Township back on track to more accurately present our current and future budget reporting.

This page intentionally left blank.



Dave Yost • Auditor of State

COVENTRY TOWNSHIP

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
AUGUST 15, 2017