

Audit Report

July 1, 1999 through June 30, 2000

COVENTRY LOCAL SCHOOL DISTRICT SUMMIT COUNTY



*Certified Public Accountants
& Business Consultants*



STATE OF OHIO
OFFICE OF THE AUDITOR

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To the Board of Education
Coventry Local School District
Akron, OH 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, 1999 to June 30, 2000. 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

December 22, 2000

COVENTRY LOCAL SCHOOL DISTRICT- SUMMIT COUNTY

Audit Report – July 1, 1999 through June 30, 2000

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COVENTRY LOCAL SCHOOL DISTRICT – SUMMIT COUNTY

Audit Report – July 1, 1999 through June 30, 2000

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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, 2000. 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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.

We were unable to obtain all financial records supporting the financial activities of the Enterprise Recreation Fund nor were we able to satisfy ourselves as to the financial activity by other auditing procedures. The financial activity represents 16% of Enterprise Fund Type revenues and 76% of Enterprise Fund Type assets.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain all financial records supporting the financial activity of the Enterprise Recreation Fund, 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, 2000 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2000 on our consideration of the Coventry City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Coventry Local School District
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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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Moore Stephens Apple

Akron, Ohio
November 27, 2000

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**Coventry Local School District
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	Special Revenue	Debt Service	Capital Projects	Enterprise Service	Internal Service	Trust and Agency	General	Fixed Assets	Long-Term Obligations	General	Long-Term Obligations		
ASSETS AND OTHER DEBITS:													
Assets:													
Equity in Pooled Cash and Investments	\$131,025	\$0	\$940,021	\$20,771	\$73,982	\$125,246	\$0	\$0	\$0	\$0	\$0	\$0	\$1,782,917
Restricted Assets:													
Cash and Cash Equivalents	150,890	0	0	0	0	0	0	0	0	0	0	0	150,890
Receivables													
Taxes	6,341,581	0	331,876	0	0	0	0	0	0	0	0	0	6,875,444
Accounts	12,184	321	0	39	0	0	0	0	0	0	0	0	12,544
Interest	0	0	0	0	0	565	0	0	0	0	0	0	565
Intergovernmental	17,633	5,427	0	0	0	0	0	0	0	0	0	0	23,060
Interfund	14,811	0	0	0	0	0	0	0	0	0	0	0	14,811
Inventory Held for Resale	0	0	0	13,354	0	0	0	0	0	0	0	0	13,354
Prepaid Items	21,991	0	0	0	0	0	0	0	0	0	0	0	21,991
Fixed Assets (Net where applicable, of Accumulated Depreciation)	0	0	0	110,301	0	0	10,606,317	0	0	0	0	0	10,716,618
Other Debits:													
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	0	0	0	0	4,725,620
Total Assets and Other Debits	<u>\$6,690,115</u>	<u>\$497,620</u>	<u>\$1,142,008</u>	<u>\$144,465</u>	<u>\$73,982</u>	<u>\$125,811</u>	<u>\$10,606,317</u>	<u>\$4,725,620</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,337,814</u>

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, 2000**

	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	General Long-Term Obligations				
LIABILITIES, FUND EQUITY AND OTHER CREDITS:													
Liabilities:													
Accounts Payable	\$151,892	\$52,132	\$0	\$477,344	\$1,868	\$0	\$10,747	\$0	\$0	\$693,983			
Accrued Wages and Benefits	1,215,112	58,458	0	0	32,211	0	0	0	0	1,305,781			
Compensated Absences	60,413	0	0	0	60,644	0	0	0	0	698,250			
Intergovernmental Payable	226,490	7,915	0	0	4,526	0	0	0	0	339,823			
Interfund Payable	0	14,811	0	0	0	0	0	0	0	14,811			
Due to Others	0	0	0	0	0	0	42,964	0	0	42,964			
Deferred Revenue	6,169,636	0	331,876	196,652	7,487	0	0	0	0	6,705,651			
Claims Payable	0	0	0	0	0	52,699	0	0	0	52,699			
Note Payable	0	0	0	0	0	0	0	0	0	842,535			
Bonds Payable	0	0	0	0	0	0	0	0	0	3,205,000			
Total Liabilities	7,823,543	133,316	331,876	673,996	106,736	52,699	53,711	0	4,725,620	13,901,487			
Fund Equity and Other Credits:													
Investment in General Fixed Assets	0	0	0	0	0	0	0	10,606,317	0	10,606,317			
Contributed Capital	0	0	0	0	277,297	0	0	0	0	277,297			
Retained Earnings - Unreserved	0	0	0	0	(239,568)	21,283	0	0	0	(218,285)			
Fund Balances	171,945	0	0	5,335	0	0	0	10,606,317	0	177,280			
Reserved for Property Taxes	115,766	135,956	0	488,833	0	0	0	0	0	740,555			
Reserved for Encumbrances	71,080	0	0	0	0	0	0	0	0	71,080			
Reserved for Textbooks and Instruction	79,810	0	0	0	0	0	0	0	0	79,810			
Reserved for Budget Stabilization	21,991	0	0	0	0	0	0	0	0	21,991			
Reserved for Prepaid Items	(1,594,020)	228,348	0	(26,156)	0	0	72,100	0	0	(1,319,728)			
Unreserved - Undesignated (Deficit)	(1,133,428)	364,304	0	468,012	37,729	21,283	72,100	10,606,317	0	10,436,317			
Total Fund Equity (Deficit) and Other Credits	\$6,690,115	\$497,620	\$331,876	\$1,142,008	\$144,465	\$73,982	\$125,811	\$10,606,317	\$4,725,620	\$24,337,814			
Total Liabilities, Fund Equity and Other Credits													

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, 2000

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	Special	Debt	Capital	Expendable	Trust	
	General	Revenue	Service	Projects		
REVENUE:						
Taxes	\$5,069,189	\$0	\$1,046,539	\$194,838	\$0	\$6,310,566
Tuition and Fees	3,266,065	20,000	0	0	0	3,286,065
Intergovernmental	4,170,915	874,494	0	78,356	0	5,123,765
Interest	121,187	726	0	0	0	121,913
Extracurricular Activities	0	165,490	0	0	0	165,490
Other	228,176	280,308	0	0	17,498	525,982
Classroom Materials & Fees	520	0	0	0	0	520
Total Revenues	12,856,052	1,341,018	1,046,539	273,194	17,498	15,534,301
EXPENDITURES:						
Current						
Instruction						
Regular	6,768,094	491,064	0	35,858	13,300	7,308,316
Special	1,059,016	137,919	0	0	0	1,196,935
Vocational	153,235	0	0	0	0	153,235
Other	216,681	0	0	0	0	216,681
Support Services						
Pupil	737,573	82,719	0	0	0	820,292
Instructional Staff	448,600	137,549	0	5,278	0	591,427
Board of Education	121,977	73	0	0	0	122,050
Administration	1,343,063	47,506	0	10,084	0	1,400,653
Fiscal	365,781	0	0	5,906	0	371,687
Business	4,728	0	0	11,247	0	15,975
Operation and Maintenance of Plant	1,366,109	1,217	0	493,676	0	1,861,002
Pupil Transportation	536,748	1,128	0	0	0	537,876
Central	130,927	15,549	0	1,897	0	148,373
Community Services	2,447	236,911	0	0	0	239,358
Extracurricular Activities	230,699	74,561	0	0	0	305,260
Capital Outlay	11,796	1,000	0	154,033	0	166,829
Debt Service						
Principal and Interest Retirement	14,879	0	1,046,539	0	0	1,061,418
Total Expenditures	13,512,352	1,227,196	1,046,539	717,979	13,300	16,517,366
Revenues Over (Under)						
Expenditures	(656,300)	113,822	0	(444,785)	4,198	(983,065)

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, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expensible Trust</u>	
OTHER FINANCING SOURCES (USES):						
Sale of Assets	9,952	0	0	0	\$0	9,952
Operating Transfers - In	105,532	35,131	0	0	0	140,663
Operating Transfers - Out	(76,202)	0	0	0	(16,592)	(92,794)
Proceeds from Sale of Notes	700,000	0	0	842,535	0	1,542,535
Refund of Prior Year's Receipts	<u>1,853</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,853</u>
Total Other Financing Sources	<u>741,135</u>	<u>35,131</u>	<u>0</u>	<u>842,535</u>	<u>(16,592)</u>	<u>1,602,209</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	84,835	148,953	0	397,750	(12,394)	619,144
Fund Balances (Deficit) at Beginning of Year	<u>(1,218,263)</u>	<u>215,351</u>	<u>0</u>	<u>70,262</u>	<u>84,494</u>	<u>(848,156)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$(1,133,428)</u></u>	<u><u>\$364,304</u></u>	<u><u>\$0</u></u>	<u><u>\$468,012</u></u>	<u><u>\$72,100</u></u>	<u><u>\$(229,012)</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 Balances - Budget Basis and Actual
All Governmental Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 5,066,825	\$ 5,066,825	\$ -
Tuition and Fees	3,271,107	3,271,107	-
Intergovernmental	4,160,987	4,160,987	-
Interest	121,186	121,186	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	520	520	-
Other	143,094	143,094	-
Total Revenues	<u>12,763,719</u>	<u>12,763,719</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	6,834,167	6,726,784	107,383
Special	1,037,011	1,050,190	(13,179)
Vocational	154,625	155,960	(1,335)
Adult Continuing	-	-	-
Other	217,862	217,862	-
Support Services			
Pupil	694,275	695,518	(1,243)
Instructional Staff	440,180	442,213	(2,033)
Board of Education	122,093	122,082	11
Administration	1,291,179	1,299,000	(7,821)
Fiscal	302,484	303,534	(1,050)
Business	-	-	-
Operation and Maintenance of Plant	1,321,445	1,328,140	(6,695)
Pupil Transportation	528,676	531,727	(3,051)
Central	121,796	123,690	(1,894)
Food Service Operations	-	-	-
Community Services	1,383	1,079	304
Extracurricular Activities	230,851	231,131	(280)
Facilities Acquisition & Construction	-	-	-
Debt Service			
Principal Retirement and Interest	622,498	622,498	-
Total Expenditures	<u>13,920,525</u>	<u>13,851,408</u>	<u>69,117</u>
Revenues Over (Under) Expenditures	<u>(1,156,806)</u>	<u>(1,087,689)</u>	<u>69,117</u>
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	9,952	9,952	-
Advances - In	1,242	1,242	-
Advances - Out	(14,811)	(14,811)	-
Refund of Prior Year Expenditures	1,853	1,853	-
Refund of Prior Year Receipt	-	-	-
Operating Transfers - In	105,532	105,532	-
Operating Transfers - Out	(76,202)	(76,202)	-
Pass throughs	-	-	-
Proceeds from Sale of Notes	700,000	700,000	-
Total Other Financing Sources (Uses)	<u>727,566</u>	<u>727,566</u>	<u>-</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(429,240)</u>	<u>(360,123)</u>	<u>69,117</u>
Fund Balances at Beginning of Year	262,750	262,750	-
Prior Year Encumbrances	232,252	232,252	-
Fund Balances at End of Year	<u>\$ 65,762</u>	<u>\$ 134,879</u>	<u>\$ 69,117</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)
\$ -	\$ -	\$ -	\$ 1,046,539	\$ 1,046,539	\$ -
20,000	20,000	-	-	-	-
894,038	869,068	(24,970)	-	-	-
726	726	-	-	-	-
165,490	165,490	-	-	-	-
-	-	-	-	-	-
280,309	280,309	-	-	-	-
<u>1,360,563</u>	<u>1,335,593</u>	<u>(24,970)</u>	<u>1,046,539</u>	<u>1,046,539</u>	<u>-</u>
600,337	504,121	96,216	-	-	-
137,804	127,903	9,901	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
90,182	82,520	7,662	-	-	-
156,180	154,021	2,159	-	-	-
49,848	49,014	834	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	1,217	(217)	-	-	-
819	1,023	(204)	-	-	-
29,509	15,539	13,970	-	-	-
-	-	-	-	-	-
265,855	241,762	24,093	-	-	-
63,496	70,185	(6,689)	-	-	-
275,326	79,743	195,583	-	-	-
-	-	-	1,046,539	1,046,539	-
<u>1,670,356</u>	<u>1,327,048</u>	<u>343,308</u>	<u>1,046,539</u>	<u>1,046,539</u>	<u>-</u>
(309,793)	8,545	318,338	-	-	-
-	-	-	-	-	-
14,811	14,811	-	-	-	-
(1,242)	(1,242)	-	-	-	-
-	-	-	-	-	-
35,131	35,131	-	-	-	-
(11,000)	-	11,000	-	-	-
<u>37,700</u>	<u>48,700</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(272,093)	57,245	329,338	-	-	-
157,167	157,167	-	-	-	-
120,089	120,089	-	-	-	-
<u>\$ 5,163</u>	<u>\$ 334,501</u>	<u>\$ 329,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2000

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 195,427	\$ 195,427	\$ -
Tuition and Fees	-	-	-
Intergovernmental	78,357	78,357	-
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>273,784</u>	<u>273,784</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	89,559	35,857	53,702
Special	-	-	-
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	5,278	5,278	-
Board of Education	-	-	-
Administration	10,084	10,084	-
Fiscal	5,933	5,933	-
Business	10,382	10,382	-
Operation and Maintenance of Plant	140,775	140,775	-
Pupil Transportation	-	-	-
Central	1,897	1,897	-
Food Service Operations	-	-	-
Community Services	-	-	-
Extracurricular Activities	-	-	-
Facilities Acquisition & Construction	935,719	935,719	-
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>1,199,627</u>	<u>1,145,925</u>	<u>53,702</u>
Revenues Over (Under) Expenditures	<u>(925,843)</u>	<u>(872,141)</u>	<u>53,702</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	842,535	842,535	-
Total Other Financing Sources (Uses)	<u>842,535</u>	<u>842,535</u>	<u>-</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(83,308)</u>	<u>(29,606)</u>	<u>53,702</u>
Fund Balances at Beginning of Year	5,642	5,642	-
Prior Year Encumbrances	77,666	77,666	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 53,702</u>	<u>\$ 53,702</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)
\$ -	\$ -	\$ -	\$ 6,308,791	\$ 6,308,791	\$ -
-	-	-	3,291,107	3,291,107	-
-	-	-	5,133,382	5,108,412	(24,970)
-	-	-	121,912	121,912	-
-	-	-	165,490	165,490	-
-	-	-	520	520	-
15,524	15,524	-	438,927	438,927	-
<u>15,524</u>	<u>15,524</u>	<u>-</u>	<u>15,460,129</u>	<u>15,435,159</u>	<u>(24,970)</u>
59,794	12,500	47,294	7,583,857	7,279,262	304,595
470	-	470	1,175,285	1,178,093	(2,808)
-	-	-	154,625	155,960	(1,335)
-	-	-	-	-	-
-	-	-	217,862	217,862	-
-	-	-	784,457	778,038	6,419
-	-	-	601,638	601,512	126
-	-	-	122,093	122,082	11
-	-	-	1,351,111	1,358,098	(6,987)
-	-	-	308,417	309,467	(1,050)
-	-	-	10,382	10,382	-
-	-	-	1,463,220	1,470,132	(6,912)
-	-	-	529,495	532,750	(3,255)
-	-	-	153,202	141,126	12,076
-	-	-	-	-	-
-	-	-	267,238	242,841	24,397
-	-	-	294,347	301,316	(6,969)
-	-	-	1,211,045	1,015,462	195,583
-	-	-	1,669,037	1,669,037	-
<u>60,264</u>	<u>12,500</u>	<u>47,764</u>	<u>17,897,311</u>	<u>17,383,420</u>	<u>513,891</u>
<u>(44,740)</u>	<u>3,024</u>	<u>47,764</u>	<u>(2,437,182)</u>	<u>(1,948,261)</u>	<u>488,921</u>
-	-	-	9,952	9,952	-
-	-	-	16,053	16,053	-
-	-	-	(16,053)	(16,053)	-
-	-	-	1,853	1,853	-
-	-	-	-	-	-
-	-	-	140,663	140,663	-
(16,592)	(16,592)	-	(92,794)	(92,794)	-
-	-	-	(11,000)	-	11,000
-	-	-	1,542,535	1,542,535	-
<u>(16,592)</u>	<u>(16,592)</u>	<u>-</u>	<u>1,591,209</u>	<u>1,602,209</u>	<u>11,000</u>
(61,332)	(13,568)	47,764	(845,973)	(346,052)	499,921
84,265	84,265	-	509,824	509,824	-
-	-	-	430,007	430,007	-
<u>\$ 22,933</u>	<u>\$ 70,697</u>	<u>\$ 47,764</u>	<u>\$ 93,858</u>	<u>\$ 593,779</u>	<u>\$ 499,921</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, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:			
Sales	\$412,584	\$0	\$412,584
Charges for Services	<u>47,745</u>	<u>883,765</u>	<u>931,510</u>
Total Operating Revenues	<u>460,329</u>	<u>883,765</u>	<u>1,344,094</u>
OPERATING EXPENSES:			
Salaries and Wages	313,393	0	313,393
Fringe Benefits	33,181	0	33,181
Contract Services	30,664	113,571	144,235
Cost of Sales	295,874	0	295,874
Depreciation	10,970	0	10,970
Claims	0	1,066,901	1,066,901
Other	2,805	0	2,805
Materials and Supplies Expense	<u>49,681</u>	<u>0</u>	<u>49,681</u>
Total Operating Expenses	<u>736,568</u>	<u>1,180,472</u>	<u>1,917,040</u>
Operating Loss	<u>(276,239)</u>	<u>(296,707)</u>	<u>(572,946)</u>
NON-OPERATING REVENUES:			
Donated Commodities	45,139	0	45,139
Operating Grants	112,482	0	112,482
Other	<u>186</u>	<u>0</u>	<u>186</u>
Total Non-Operating Revenues	<u>157,807</u>	<u>0</u>	<u>157,807</u>
Net Loss Before Operating Transfers	(118,432)	(296,707)	(415,139)
Operating Transfers In	60,499	0	60,499
Operating Transfers Out	<u>(108,368)</u>	<u>0</u>	<u>(108,368)</u>
Net Loss	(166,301)	(296,707)	(463,008)
Retained Earnings (Deficit) at Beginning of Year	<u>(73,267)</u>	<u>317,990</u>	<u>244,723</u>
Retained Earnings (Deficit) at End of Year	<u><u>\$ (239,568)</u></u>	<u><u>\$21,283</u></u>	<u><u>\$ (218,285)</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 and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Enterprise Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Tuition and Fees	\$ 86,630	\$ 86,630	\$ -
Sales	412,545	412,545	-
Earnings on Investments	-	-	-
Classroom Materials and Fees	49,323	49,323	-
Miscellaneous	1,057	1,057	-
Operating Grants	132,879	132,879	-
Total Revenues	<u>682,434</u>	<u>682,434</u>	<u>-</u>
EXPENDITURES			
Salaries and Wages	278,960	283,816	(4,856)
Fringe Benefits	64,239	64,420	(181)
Contract Services	31,684	30,422	1,262
Supplies	386,731	356,277	30,454
Capital Outlay	15,051	14,051	1,000
Other	-	-	-
Total Expenses	<u>776,665</u>	<u>748,986</u>	<u>27,679</u>
Revenues Over (Under) Expenses	<u>(94,231)</u>	<u>(66,552)</u>	<u>27,679</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers - In	60,500	60,500	-
Operating Transfers - Out	(108,368)	(108,368)	-
Total Other Financing Sources (Uses)	<u>(47,868)</u>	<u>(47,868)</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(142,099)	(114,420)	27,679
Fund Balances at Beginning of Year	97,616	97,616	-
Prior Year Encumbrances	44,484	44,484	-
Fund Balances at End of Year	<u>\$ 1</u>	<u>\$ 27,680</u>	<u>\$ 27,679</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 and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Internal Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Tuition and Fees	\$ -	\$ -	\$ -
Sales	-	-	-
Interest	-	-	-
Classroom Materials and Fees	-	-	-
Operating Grants	-	-	-
Miscellaneous	883,765	883,765	-
Total Revenues	<u>883,765</u>	<u>883,765</u>	<u>-</u>
EXPENDITURES			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Contract Services	113,971	113,971	-
Supplies	-	-	-
Capital Outlay	590	590	-
Other	1,103,245	1,029,664	73,581
Total Expenses	<u>1,217,806</u>	<u>1,144,225</u>	<u>73,581</u>
Revenues Over (Under) Expenses	<u>(334,041)</u>	<u>(260,460)</u>	<u>73,581</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	(334,041)	(260,460)	73,581
Fund Balances at Beginning of Year	333,452	333,452	-
Prior Year Encumbrances	590	590	-
Fund Balances at End of Year	<u>\$ 1</u>	<u>\$ 73,582</u>	<u>\$ 73,581</u>

The accompanying notes are an integral part of these statements.

**Coventry Local School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
Cash flows from operating activities:			
Operating loss	\$ (276,239)	\$ (296,707)	\$ (572,946)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	10,970	-	10,970
Donated commodities in cost of sales	50,644	-	50,644
Change in assets and liabilities that increase (decrease) cash flow from operations			
Accounts receivable	(39)	-	(39)
Intergovernmental receivable	20,399	-	20,399
Material and supplies inventory	218	-	218
Prepaid items	-	12,264	12,264
Accounts payable	1,463	(100)	1,363
Accrued wages and benefits	14,258	-	14,258
Compensated absences	50,090	-	50,090
Intergovernmental payable	(20,187)	-	(20,187)
Deferred revenue	(5,505)	-	(5,505)
Claims payable	-	25,073	25,073
	(153,928)	(259,470)	(413,398)
Net cash (used in) operating activities			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Cash flows from noncapital financing activities:			
Operating grants received	112,482	-	112,482
Other non-operating revenue	186	-	186
Operating transfers - net	(47,869)	-	(47,869)
Net cash provided by noncapital financing activities	64,799	-	64,799
Net increase (decrease) in cash and cash equivalents	(89,129)	(259,470)	(348,599)
Cash and cash equivalents - beginning of year	109,900	333,452	443,352
Cash and cash equivalents - end of year	\$ 20,771	\$ 73,982	\$ 94,753
Noncash capital, investing and related financing activities			
Donated commodities received	\$ 45,139	\$ -	\$ 45,139

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, 2000

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, 2000

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, 2000

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, 2000

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, 2000

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, 2000

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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 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, 2000

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 object level within each function. 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 2000.

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

June 30, 2000

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Budgetary Data*

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 2000, 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, 2000

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 2000, 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 2000 amounted to \$121,187.

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, 2000

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, 2000, 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, 2000, 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, 2000

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, 2000

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. *Intergovernmental Revenues*

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 33 percent of governmental fund revenue during the 2000 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, 2000

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, 2000

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. Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement.

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

June 30, 2000

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.

NOTE C – ACCOUNTABILITY AND COMPLIANCE

1. *Fund Deficits*

The following funds had deficit fund balances/retained earnings at June 30, 2000:

	Deficit Fund Balance/Retained Earnings
General Fund	\$1,133,428
Special Revenue Funds:	
Student Activities	3,700
E.M.I.S.	39
Public School Preschool	21,662
Title I	14,424
Preschool Grants	2,534
Capital Projects Fund :	
Permanent Improvement	63,016
Enterprise Fund:	
Food Service	91,439

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

June 30, 2000

NOTE C – ACCOUNTABILITY AND COMPLIANCE – Continued

1. *Fund Deficits* – Continued

The general fund concluded fiscal year 2000 with a fund balance (\$1,133,428). 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:

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).

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

June 30, 2000

NOTE D – BUDGETARY BASIS OF ACCOUNTING – Continued

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**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 84,835	\$148,953	\$0	\$ 397,750	\$ (12,394)
Net Adjustments for Revenue Accruals	(92,333)	(5,425)	0	590	(1,974)
Advances In	1,242	14,811	0	0	0
Net Adjustments for Expenditure					
Accruals	(339,056)	(99,852)	0	(427,946)	800
Advances Out	(14,811)	(1,242)	0	0	0
Budget Basis	<u>(\$360,123)</u>	<u>\$ 57,245</u>	<u>\$0</u>	<u>\$ (29,606)</u>	<u>\$ (13,568)</u>

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

	Enterprise	Internal Service
GAAP Basis	\$(166,301)	\$(296,707)
Net Adjustments for Revenue Accruals	64,298	0
Net Adjustment for Expense Accruals	(23,387)	36,247
Depreciation Expense	10,970	0
Budget Basis	<u>\$(114,420)</u>	<u>\$(260,460)</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

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

June 30, 2000

NOTE E – DEPOSITS AND INVESTMENTS - Continued

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.

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;

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

June 30, 2000

NOTE E – DEPOSITS AND INVESTMENTS – Continued

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);
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."

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

June 30, 2000

NOTE E – DEPOSITS AND INVESTMENTS – Continued

Deposits – At fiscal year end, the carrying amount of the School District's deposits was (\$481,193) and the bank balance was \$272,515. \$136,952 of the bank balance was covered by federal depository insurance; and \$135,563 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.

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, 2000, the School District had a category 3 repurchase agreement with a carrying amount and a fair value of \$2,415,000.

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	\$ 1,933,807	\$ 0
Repurchase agreement which is part of a cash management pool:	(2,415,000)	2,415,000
GASB Statement No. 3	\$ (481,193)	\$2,415,000

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

June 30, 2000

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.

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 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, 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. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$183,232,330	89.93%
Tangible Personal Property	<u>20,527,017</u>	<u>10.07</u>
Total Assessed Values	<u>\$203,759,347</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$65.10

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

June 30, 2000

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, 2000 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, 2000. 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, 2000, was \$171,945 in the general fund and \$5,335 in the permanent improvements capital projects fund.

NOTE G – RECEIVABLES

Receivables at June 30, 2000 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 items of intergovernmental receivables follows:

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

June 30, 2000

NOTE G – RECEIVABLES - Continued

	Amounts
General Fund:	
MRDD Program	\$14,383
Drivers Education	3,250
Total General Fund	17,633
Special Revenue Fund:	
Federal Grants	5,427
Total	\$23,060

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

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

June 30, 2000

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

1. Jointly Governed Organizations - Continued

own budgets, appointing personnel, and accounting and finance related activities. Coventry Local School District students may attend the 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 2000, 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, 2000

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, 2000

NOTE I – RISK MANAGEMENT – Continued

2. *Workers' Compensation*

For fiscal year 2000, 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 \$52,699 reported in the self-insurance internal service fund at June 30, 2000, 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, 2000

NOTE I – RISK MANAGEMENT – Continued

3. *Self-Insurance* - Continued

administrator. The estimate was not affected by incremental claim adjustment expenses and does not include 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
1999	\$44,947	\$ 677,746	\$ 695,067	\$27,626
2000	27,626	1,091,974	1,066,901	52,699

NOTE J – FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Land	\$ 14,323
Buildings	110,628
Furniture and Equipment	169,894
Less: Accumulated Depreciation	184,544
Net Fixed Assets	\$ 110,301

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance 6/30/99	Additions	Deletions	Balance 6/30/00
Land	\$ 410,677	\$ 0	\$ 0	\$ 410,677
Buildings and Improvements	7,765,809	0	0	7,765,809
Furniture and Equipment	1,289,680	377,485	239,695	1,427,470
Vehicles	1,002,361	0	0	1,002,361
Total General Fixed Assets	\$10,468,527	\$377,485	\$239,695	\$10,606,317

There was no significant construction in progress at June 30, 2000.

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

June 30, 2000

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 1999, 7.70 percent of covered payroll was the portion used to fund pension obligations. For fiscal year 1998, 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, 2000, 1999 and 1998 were \$286,330, \$151,243 and \$207,935, respectively; 47.25 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$151,038, representing the unpaid contribution for fiscal year 2000, 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, 2000

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, 2000, 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 1999, 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, 2000, 1999 and 1998 were \$972,637, \$404,594, and \$703,784, respectively; 83.21 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$163,344, representing the unpaid contribution for fiscal year 2000, 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, 2000

NOTE L – POSTEMPLOYMENT BENEFITS – Continued

For the fiscal year, employer contributions to fund health care benefits were 4.98 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 1999, 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, 1998 were \$111.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 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, 1999, 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, 1999. As of July 1, 1999, eligible benefit recipients statewide totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS statewide were \$249,929,000.

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, 2000

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 6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/00</u>
General Fund:				
Tax Anticipation Note 4.15%	\$ 0	\$700,000	\$ 700,000	\$0
State Operating Loan 4.49%	<u>607,619</u>	<u>0</u>	<u>607,619</u>	<u>0</u>
Total Notes and Loans	<u>\$607,619</u>	<u>\$700,000</u>	<u>\$1,307,619</u>	<u>\$0</u>

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, 2000

NOTE O – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

	Outstanding 6/30/99	Additions	Deductions	Outstanding 6/30/00
Compensated Absences	\$ 558,149	\$ 19,044	\$ 0	\$ 577,193
Intergovernmental Payable	134,616	100,892	134,616	100,892
Energy Conservation Note 6.32% General Obligation Bond:	0	842,535	0	842,535
1993 School Improvement 5.50%	3,355,000	0	150,000	3,205,000
Total General Long-Term Obligations	\$ 4,047,765	\$962,471	\$ 284,616	\$ 4,725,620

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.

Principal and interest requirements to retire the general obligation bond and energy conservation notes outstanding at June 30, 2000 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2001	\$195,324	\$225,123	\$420,447
2002	202,557	293,153	495,710
2003	214,931	202,230	417,161
2004	227,454	189,806	417,260
2005	240,137	176,673	416,810
2006 – 2010	1,427,257	658,043	2,085,300
2011 – 2015	1,539,875	205,814	1,745,689
Total	\$4,047,535	\$1,950,842	\$5,998,377

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

June 30, 2000

NOTE P – CONTRIBUTED CAPITAL

During fiscal year 2000, there was no increase in contributed capital in the food service enterprise fund.

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, 2000.

	Food Service	Uniform School Supplies	Recreation	Total Enterprise Funds
Operating Revenues	\$412,545	\$47,784	\$ 0	\$460,329
Depreciation Expense	2,428	0	8,542	10,970
Operating Income (Loss)	(265,800)	(1,897)	(8,542)	(276,239)
Donated Commodities	45,139	0	0	45,139
Operating Grants	112,482	0	0	112,482
Operating Transfers In	60,499	0	0	60,499
Net Income (Loss)	(66,922)	(1,897)	(97,482)	(166,301)
Net Working Capital	(91,441)	18,868	0	(72,573)
Total Assets	13,427	20,736	110,302	144,465
Total Liabilities	104,868	1,868	0	106,736
Total Equity	(91,441)	18,868	110,302	37,729
Encumbrances Outstanding at June 30, 2000	0	3,663	0	3,663

NOTE R – STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,334,224 of school foundation support for its general fund.

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

June 30, 2000

NOTE R – STATE SCHOOL FUNDING DECISION – Continued

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, “... the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997 decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program 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, 2000.

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

June 30, 2000

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 – SET-ASIDES

The School District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside for the budget stabilization reserve if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior year. This amount is to be included in the budget stabilization reserve.

The following information describes the changes in the amounts set-aside for budget stabilization, textbooks and instructional materials, and capital improvements from the end of the prior year to the end of the current year.

	<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	\$ 42,034	\$ 0
Current fiscal year set-aside requirement	0	272,500	272,500
Qualifying expenditures during the fiscal year	0	(243,454)	(51,588)
Offsets for the fiscal year	0	0	(273,784)
Total	<u>\$79,810</u>	<u>\$ 71,080</u>	<u>\$ (52,872)</u>
The balance of the set-aside carried forward to the next fiscal year	<u>\$79,810</u>	<u>\$ 71,080</u>	<u>\$0</u>
Total Restricted Assets			<u>\$ 150,890</u>

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

June 30, 2000

NOTE T – SET-ASIDES - Continued

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 2000, due to the School District being in fiscal watch.

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. In the current year, the District requested and was granted release from fiscal watch.

**Coventry Local School District
Summit County
Schedule of Expenditures of Federal Awards
For the Year Ended June 20, 2000**

Federal Program	Pass-through Agency Awarding		Non-Cash		Non-Cash	
	CFDA#	Number	Receipts	Receipts	Expenditures	Expenditures
United States Department of Agriculture						
Passed-through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$45,139		\$50,644
National School Lunch Program	10.555	04-PU	\$125,999		\$125,999	
			<u>125,999</u>	<u>45,139</u>	<u>125,999</u>	<u>50,644</u>
Total United States Department of Agriculture - Child Nutrition Cluster						
United States Department of Education						
Passed-through Ohio Department of Education:						
Title I Grants to Local Educational Agencies	84.010	C1-SD	<u>137,405</u>		<u>136,663</u>	
Total Title I Grants to Local Educational Agencies			<u>137,405</u>		<u>136,663</u>	
Innovative Education Program Strategies	84.298	C2-S1	<u>12,313</u>		<u>10,908</u>	
Total Innovative Education Program Strategies			<u>12,313</u>		<u>10,908</u>	
Special Education Cluster:						
Special Education Grants to States	84.027	6B-SF	<u>131,271</u>		<u>120,203</u>	
Total Special Education Grants to States			<u>131,271</u>		<u>120,203</u>	
Special Education Pre-school Grants	84.173	PG-S1	<u>21,307</u>		<u>21,351</u>	
Total Special Education Cluster			<u>152,578</u>		<u>141,554</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	DR-S1	<u>7,483</u>		<u>9,977</u>	
Total Safe and Drug-Free Schools and Communities State Grants			<u>7,483</u>		<u>9,977</u>	

**Coventry Local School District
Summit County
Schedule of Expenditures of Federal Awards
For the Year Ended June 20, 2000**

Federal Program	Pass-through Agency Awarding		Non-Cash		Non-Cash
	CFDA#	Number	Receipts	Receipts	Expenditures
Goals 2000 State and Local Education					
Systematic Improvement	84.276	C2-S1	90,000		60,433
Passed Through Summit County Educational Service Center:					
Technology Innovation Challenge Grants	84.303	N/A	23,939		25,939
Title VI-R	84.340	N/A	21,012		13,400
Library Services and Technology Grant	85.615	N/A	(3,524)		11,174
Total United States Department of Education			<u>441,206</u>		<u>410,048</u>
Total			<u>\$567,205</u>	<u>\$45,139</u>	<u>\$536,047</u>

The notes to the Schedule Receipts and Expenditures of Federal Awards, are an integral part of this statement.

**COVENTRY LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

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, 2000, the 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, 2000 and have issued our report thereon dated November 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report was qualified for lack of financial records supporting the financial activities of the Enterprise Recreation Fund.

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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 4, 2000.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-53830-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the District, in a separate letter dated December 4, 2000.

This report is intended for the information 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 27, 2000

**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, 2000. 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 generally accepted auditing standards; 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, 2000.

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 27, 2000

Coventry Local School District - Summit County

Schedule of Findings and Questioned Costs

June 30, 2000

1. Summary of Auditors' Results

Qualified opinion was issued on the financial statements.

Material control weaknesses at the financial statement level – yes.

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

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 and Food Distribution - CFDA #10.550.

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, 2000.

Coventry Local School District - Summit County

Schedule of Finding and Questioned Costs
June 30, 2000 - Continued

Finding Number # 2000-53830-001

3. Findings related to the financial statements required to be reported in accordance with GAGAS.

Procedures were implemented in December, 1999 to correct these problems.

Reconciliation Procedures – North Campus Fitness Center:

The District contracted with Network Health Ventures (NHV) to provide management services for the North Campus Fitness Center (Fitness Center). NHV prepares monthly bank reconciliations. However, NHV management did not maintain a cash book to complete the reconciliation procedure. In addition, no evidence was available which documented bank reconciliations, and supporting documentation was independently reviewed by someone other than the preparer. These conditions could result in an undetected revenue loss for the District and impairs the District's ability to substantiate completeness of cash transactions generated by the Fitness Center.

The District should require NHV to provide the District Treasurer with completed monthly bank reconciliations and supporting accounting records including but not limited to cash journals. The Treasurer or designee should review NHV's monthly bank reconciliations and accounting records to ensure that Fitness Center activity is properly documented, recorded and reported.

Fitness Center Receipts:

We tested ten days of deposit transactions for the month of July 1999 for the North Campus Fitness Center. We attempted to reconcile deposit report receipts to duplicate receipt books and deposit slips. We could not reconcile deposit report receipts to duplicate receipt books or deposit slips for any of the days tested because receipt totals did not match on any of the documents examined. The reports were not reconciled by NHV management or Fitness Center Staff even though they should perform this procedure. This condition could result in an undetected revenue loss for the District and impairs the District's ability to substantiate completeness of cash transactions generated by the Fitness Center.

The District and NHV management should develop and implement monitoring procedures which ensure Fitness Center deposit report cash receipts are reconciled to duplicate receipt books and daily deposits by someone other than the document preparer on a daily basis. This would help reduce the District's

Coventry Local School District - Summit County

Schedule of Prior Audit Findings

June 30, 2000

The prior audit report of the Coventry Local School District, issued as of June 30, 1999, 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
JANUARY 09, 2001**