



**Auditor of State
Betty Montgomery**

COVENTRY TOWNSHIP
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Coventry Township, Summit County, (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 19, 2003

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$314,979	\$1,519,459	\$0	\$1,834,438
Intergovernmental	824,297	352,328		1,176,625
Special Assessments		469		469
Charges for Services		302,888		302,888
Licenses, Permits, and Fees	47,811	14,971		62,782
Fines, Forfeitures, and Penalties	21,458			21,458
Earnings on Investments	26,171	1,779		27,950
Other Revenue	10,072	27,140		37,212
	<u>1,244,788</u>	<u>2,219,034</u>	<u>0</u>	<u>3,463,822</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	410,425	17,318		427,743
Public Safety	18,923	1,766,276		1,785,199
Public Works	55,073	468,206		523,279
Health	70,068	16,692		86,760
Conservation - Recreation	88,135			88,135
Capital Outlay	126,369	42,626	5,835	174,830
	<u>768,993</u>	<u>2,311,118</u>	<u>5,835</u>	<u>3,085,946</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>475,795</u>	<u>(92,084)</u>	<u>(5,835)</u>	<u>377,876</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		255,000		255,000
Transfers-Out	(255,000)			(255,000)
Advances-In	209,559	201,519		411,078
Advances-Out	(201,519)	(209,559)		(411,078)
	<u>(246,960)</u>	<u>246,960</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	228,835	154,876	(5,835)	377,876
Fund Cash Balances, January 1	862,510	582,515	8,267	1,453,292
Fund Cash Balances, December 31	<u>\$1,091,345</u>	<u>\$737,391</u>	<u>\$2,432</u>	<u>\$1,831,168</u>
Reserve for Encumbrances, December 31	<u>\$93,335</u>	<u>\$156,682</u>	<u>\$0</u>	<u>\$250,017</u>

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$316,576	\$1,501,961	\$0	\$1,818,537
Intergovernmental	668,922	481,383		1,150,305
Special Assessments		7,338		7,338
Charges for Services		261,095		261,095
Licenses, Permits, and Fees	48,347	10,649		58,996
Fines, Forfeitures, and Penalties	27,793			27,793
Earnings on Investments	54,025	5,274		59,299
Other Revenue	17,906	40,276		58,182
	<u>1,133,569</u>	<u>2,307,976</u>	<u>0</u>	<u>3,441,545</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	435,793	8,446		444,239
Public Safety	33,952	1,660,425		1,694,377
Public Works	54,632	607,926		662,558
Health	68,551	8,291		76,842
Conservation - Recreation	76,461			76,461
Capital Outlay	212,232	151,138	41,174	404,544
	<u>881,621</u>	<u>2,436,226</u>	<u>41,174</u>	<u>3,359,021</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>251,948</u>	<u>(128,250)</u>	<u>(41,174)</u>	<u>82,524</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	6	1,227		1,233
Transfers-In		175,000		175,000
Transfers-Out	(175,000)			(175,000)
Advances-In	381,649	367,785		749,434
Advances-Out	(367,785)	(381,649)		(749,434)
	<u>(161,130)</u>	<u>162,363</u>	<u>0</u>	<u>1,233</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	90,818	34,113	(41,174)	83,757
Fund Cash Balances, January 1	<u>771,692</u>	<u>548,402</u>	<u>49,441</u>	<u>1,369,535</u>
Fund Cash Balances, December 31	<u>\$862,510</u>	<u>\$582,515</u>	<u>\$8,267</u>	<u>\$1,453,292</u>
Reserve for Encumbrances, December 31	<u>\$71,442</u>	<u>\$118,196</u>	<u>\$7,110</u>	<u>\$196,748</u>

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCE - AGENCY FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Agency	
	2002	2001
Operating Cash Receipts:		
Other	\$0	\$6,120
Operating Cash Disbursements:		
Miscellaneous	6,120	
Total Receipts Over/(Under) Disbursements	(6,120)	6,120
Fund Cash Balance, January 1	6,120	0
Fund Cash Balance, December 31	\$0	\$6,120
Reserve for Encumbrances, December 31	\$0	\$0

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

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**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Coventry Township, Summit County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Summit County Sheriff's Department to provide police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Repurchase agreements are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund – This fund receives local property tax money for the operation of the fire department.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary fund:

Fire Department Trust Fund – This fund accepts donations for the purchase of miscellaneous fire equipment for the benefit of the Coventry Township Fire Department.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	(\$38,832)	(\$45,588)
Repurchase agreement	<u>1,870,000</u>	<u>1,505,000</u>
Total deposits and investments	<u>\$1,831,168</u>	<u>\$1,459,412</u>

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

Investments: The Township invested in repurchase agreements. These investments are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,214,830	\$1,244,788	\$29,958
Special Revenue	2,409,707	2,474,034	64,327
Fiduciary	0	0	0
Total	\$3,624,537	\$3,718,822	\$94,285

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,462,315	\$1,117,328	\$344,987
Special Revenue	2,797,541	2,467,800	329,741
Fiduciary	8,054	5,835	2,219
Total	\$4,267,910	\$3,590,963	\$676,947

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,087,530	\$1,133,575	\$46,045
Special Revenue	2,420,127	2,484,203	64,076
Fiduciary	6,120	0	(6,120)
Total	\$3,513,777	\$3,617,778	\$104,001

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,304,242	\$1,128,063	\$176,179
Special Revenue	2,702,395	2,554,422	147,973
Fiduciary	49,441	48,284	1,157
Total	\$4,056,078	\$3,730,769	\$325,309

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance coverage to full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Coventry Township, Summit County, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 19, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township'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 audits 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 19, 2003.

Coventry Township
Summit County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 19, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

COVENTRY TOWNSHIP

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2003**