



**Auditor of State
Betty Montgomery**

COVENTRY TOWNSHIP
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

November 1, 2005

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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, 2004 and 2003. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004 and 2003, or its changes in financial position for the years then ended.

Also, 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 Coventry Township, Summit County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 1, 2005

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$333,818	\$1,798,750		\$2,132,568
Intergovernmental	564,545	564,936		1,129,481
Special Assessments		6,177		6,177
Charges for Services		304,722		304,722
Licenses, Permits, and Fees	56,238	10,959		67,197
Fines, Forfeitures, and Penalties	23,287			23,287
Earnings on Investments	26,782	1,781		28,563
Other Revenue	20,697	17,815	\$50,000	88,512
	<u>1,025,367</u>	<u>2,705,140</u>	<u>50,000</u>	<u>3,780,507</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	509,204	11,414		520,618
Public Safety	24,192	2,057,346		2,081,538
Public Works	14,488	481,185		495,673
Health	81,713	13,681		95,394
Conservation - Recreation	91,594			91,594
Capital Outlay	51,597	419,858	41,838	513,293
	<u>772,788</u>	<u>2,983,484</u>	<u>41,838</u>	<u>3,798,110</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>252,579</u>	<u>(278,344)</u>	<u>8,162</u>	<u>(17,603)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		175,000		175,000
Advances-In	269,595	318,618		588,213
Transfers-Out	(175,000)		0	(175,000)
Advances-Out	(318,618)	(269,595)		(588,213)
Other Uses	(100)	0	0	(100)
	<u>(224,123)</u>	<u>224,023</u>	<u>0</u>	<u>(100)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,456	(54,321)	8,162	(17,703)
Fund Cash Balances, January 1	1,189,258	1,056,024	2,432	2,247,714
Fund Cash Balances, December 31	<u>\$1,217,714</u>	<u>\$1,001,703</u>	<u>\$10,594</u>	<u>\$2,230,011</u>
Reserve for Encumbrances, December 31	<u>\$53,559</u>	<u>\$104,381</u>	<u>\$2,317</u>	<u>\$160,257</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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$308,272	\$1,844,201		\$2,152,473
Intergovernmental	606,170	499,998		1,106,168
Special Assessments		6,012		6,012
Charges for Services		281,309		281,309
Licenses, Permits, and Fees	48,799	11,174		59,973
Fines, Forfeitures, and Penalties	22,784			22,784
Earnings on Investments	19,335	1,006		20,341
Other Revenue	11,242	9,529		20,771
	<u>1,016,602</u>	<u>2,653,229</u>		<u>3,669,831</u>
Cash Disbursements:				
Current:				
General Government	444,020	6,211		450,231
Public Safety	31,712	1,882,675		1,914,387
Public Works	45,319	493,651		538,970
Health	70,811	11,415		82,226
Conservation - Recreation	93,374			93,374
Capital Outlay	7,393	166,704		174,097
	<u>692,629</u>	<u>2,560,656</u>	<u>0</u>	<u>3,253,285</u>
Total Receipts Over/(Under) Disbursements	<u>323,973</u>	<u>92,573</u>	<u>0</u>	<u>416,546</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		225,000		225,000
Advances-In	356,543	357,603		714,146
Transfers-Out	(225,000)			(225,000)
Advances-Out	(357,603)	(356,543)		(714,146)
	<u>(226,060)</u>	<u>226,060</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	97,913	318,633	0	416,546
Fund Cash Balances, January 1	1,091,345	737,391	2,432	1,831,168
Fund Cash Balances, December 31	<u>\$1,189,258</u>	<u>\$1,056,024</u>	<u>\$2,432</u>	<u>\$2,247,714</u>
Reserve for Encumbrances, December 31	<u>\$74,706</u>	<u>\$162,452</u>	<u>\$0</u>	<u>\$237,158</u>

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - AGENCY FUND
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	Agency	
	2004	2003
Operating Cash Receipts:		
Other	\$6,075	\$6,000
Operating Cash Disbursements:		
Miscellaneous	6,000	
Total Receipts Over Disbursements	75	6,000
Fund Cash Balances, January 1	6,000	0
Fund Cash Balances, December 31	\$6,075	\$6,000
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, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Coventry Township, Summit County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

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 reports all financial resources except those required to be accounted for in another fund.

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

3. Fiduciary Funds (Trust and Agency Funds)

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

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

Fire Escrow Fund – This agency fund is used to account for insurance proceeds to be held until required repairs to damaged property are made and approved by the Township.

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 appropriation measures 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, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	(\$33,914)	(\$26,286)
Repurchase agreement	<u>2,270,000</u>	<u>2,280,000</u>
Total deposits and investments	<u><u>\$2,236,086</u></u>	<u><u>\$2,253,714</u></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, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,016,952	\$1,025,367	\$8,415
Special Revenue	2,855,323	2,880,140	24,817
Fiduciary	56,178	56,075	(103)
Total	\$3,928,453	\$3,961,582	\$33,129

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,288,832	\$1,001,447	\$287,385
Special Revenue	3,587,315	3,087,865	499,450
Fiduciary	58,432	50,155	8,277
Total	\$4,934,579	\$4,139,467	\$795,112

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,000,663	\$1,016,602	\$15,939
Special Revenue	2,862,487	2,878,229	15,742
Fiduciary	6,000	6,000	0
Total	\$3,869,150	\$3,900,831	\$31,681

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,516,724	\$992,335	\$524,389
Special Revenue	3,290,348	2,723,238	567,110
Fiduciary	2,432	0	2,432
Total	\$4,809,504	\$3,715,573	\$1,093,931

4. PROPERTY TAX

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

**COVENTRY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX (Continued)

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). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

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

The Township is defendant in several zoning lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Coventry Township, Summit County, (the Township) as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated November 1, 2005 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated November 1, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

November 1, 2005



**Auditor of State
Betty Montgomery**

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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
DECEMBER 15, 2005**