



**COVENTRY TOWNSHIP  
SUMMIT COUNTY  
Regular Audit  
For the Year Ended December 31, 2019**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

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OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of Coventry Township, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 8, 2020

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COVENTRY TOWNSHIP  
SUMMIT COUNTY

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## INDEPENDENT AUDITOR'S REPORT

August 14, 2020

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Coventry Township**, Summit County, (the Township) as of and for the year ended December 31, 2019.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Coventry Township, Summit County as of December 31, 2019, and for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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



**COVENTRY TOWNSHIP  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 356,675	\$ 3,562,613	\$ 3,919,288
Charges for Services	-	260,586	260,586
Licenses, Permits and Fees	103,599	4,275	107,874
Fines and Forfeitures	7,702	-	7,702
Intergovernmental	568,008	696,767	1,264,775
Special Assessments	-	16,653	16,653
Earnings on Investments	1,489	86	1,575
Miscellaneous	97,634	47,528	145,162
<i>Total Cash Receipts</i>	<u>1,135,107</u>	<u>4,588,508</u>	<u>5,723,615</u>
<b>Cash Disbursements</b>			
Current:			
General Government	569,220	-	569,220
Public Safety	4,309	3,219,386	3,223,695
Public Works	197,450	1,269,206	1,466,656
Health	81,307	12,051	93,358
Conservation-Recreation	26,193	53,073	79,266
Capital Outlay	18,259	126,077	144,336
<i>Total Cash Disbursements</i>	<u>896,738</u>	<u>4,679,793</u>	<u>5,576,531</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>238,369</u>	<u>(91,285)</u>	<u>147,084</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	22,000	386,452	408,452
Transfers Out	(386,452)	-	(386,452)
Advances In	350,000	-	350,000
Advances Out	-	(350,000)	(350,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(14,452)</u>	<u>36,452</u>	<u>22,000</u>
<i>Net Change in Fund Cash Balances</i>	223,917	(54,833)	169,084
<i>Fund Cash Balances, January 1 (Restated, See Note 12)</i>	<u>2,222,470</u>	<u>2,666,932</u>	<u>4,889,402</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	2,451,393	2,451,393
Committed	-	160,706	160,706
Assigned	379,105	-	379,105
Unassigned	2,067,282	-	2,067,282
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,446,387</u>	<u>\$ 2,612,099</u>	<u>\$ 5,058,486</u>

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

COVENTRY TOWNSHIP  
SUMMIT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Custodial</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	<u>\$ 23,200</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>23,200</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	23,200
Transfers Out	<u>(22,000)</u>
<i>Net Change in Fund Cash Balances</i>	1,200
<i>Fund Cash Balances, January 1</i>	<u>22,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 23,200</u></u>

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

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting 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 maintains its own Fire/EMS department and contracts with the Summit County Sheriff's Department for police protection.

***Joint Ventures and Public Entity Risk Pools***

The Township participates in jointly governed organization with the City of Akron and this venture is known as the JEDD Agreement. This agreement provides the Township with a percentage of the taxes generated by those businesses located in the JEDD District.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Permissive Motor Vehicle License Tax** The permissive motor vehicle license tax fund accounts for and reports that portion of the motor vehicle registration fees for the construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culverts; for purchasing, erecting, and maintaining traffic signs, markers, lights, and signals; for purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment.

**Fire Levy 4.65 and 2.10 Mill Fund** This fund receives levied money to fund the fire department and emergency medical services that the Township provides through its fire department.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Township disburses these funds as directed by the individual, organization, or other government. The Township's custodial fund accounts for money received from a Fire Loss claim.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

**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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 4.

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Ambulance and Emergency Medical, Lighting District, FEMA Grant, and FEMA Safer Grant Fiscal 2016 fund by \$327,142, \$54,441, \$8,031, \$97,333, and \$881 for the year ended December 31, 2019. Also contrary to Ohio law, appropriation authority exceeded estimated resources in the EMS Grant – Fiscal 2014 Fund by \$34,876.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,529,843	\$ 1,157,108	\$ (372,735)
Special Revenue	4,915,710	4,974,959	59,249
Total	\$ 6,445,553	\$ 6,132,067	\$ (313,486)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,130,489	\$ 1,380,178	\$ (249,689)
Special Revenue	6,051,958	5,001,022	1,050,936
Total	\$ 7,182,447	\$ 6,381,200	\$ 801,247

**Note 5 – Deposits and Investments**

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

	2019
Demand deposits	\$ 5,081,686
Total deposits	\$ 5,081,686

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Property Taxes**

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

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

**Note 7 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Coventry Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 8 – Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Jointly Governed Organizations**

Coventry Township was the first Township in the State of Ohio to form a JEDD district with the City of Akron, Ohio, in 1994. The Township receives two and one quarter percent of the income tax receipts for those businesses located in the JEDD District.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2019 fund balances:

	Special Revenue Funds
December 31, 2018 audited balances	\$ 2,664,367
Adjustment to account for canceled checks	2,565
January 1, 2019 balances	\$ 2,666,932

The Township canceled checks that were outstanding and reissued new checks.



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

August 14, 2020

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Coventry Township**, Summit County, (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated August 14, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2019-001 described in the accompanying schedule of audit findings to be a material weakness.

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**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-002 described in the accompanying schedule of audit findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-002.

***Purpose of this Report***

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



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

COVENTRY TOWNSHIP  
SUMMIT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

FINDING NUMBER 2019-001

**Material Weakness**

**Posting Receipts, Disbursements and Classification of Fund Balances**

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- The Township classified the Zoning Fund as Special Revenue instead of to the General Fund. We made adjustments to move all zoning activity (including outstanding fund balance) for 2019 into the General Fund.
- GASB 54 fund balances were not always correct. In 2019 the General Fund had money classified as Unassigned that should have been Assigned. Inside millage from the Road and Bridge fund was improperly classified as Restricted instead of Committed.
- An adjustment noted in the 2018-2017 audit for an advance of \$20,000 from the General Fund to the Road Levy fund was not formally approved by the board and the adjustment was not made. We repropose the adjustment.
- Transfer of \$366,684 from the Police Levy 2.5 Mill Fund to the General Fund were not approved by a court of common pleas and was not an allowable transfer.
- Advance of \$20,000 from the Road Levy 1.0 Mill fund to the General Fund was not formally approved by the board.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications. The Financial Statements reflect all reclassifications.

The following errors noted in the Township's financial statements were determined to be immaterial and did not require adjustments to properly present the Township's financial activity:

- Several Property Tax receipts were posted at net instead of gross.
- Two special assessment receipts were recorded as Miscellaneous.

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

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – We did not receive a response from officials to this finding.

COVENTRY TOWNSHIP  
SUMMIT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

FINDING NUMBER 2019-002

**Significant Deficiency/Noncompliance**

**Budgetary Controls**

The Budget is an instrument of public policy. A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law, which although they do not in and of themselves result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources.

In addition, The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the County Budget Commission and the Board after each amendment. The Board does not monitor for budgetary compliance. Although the Board approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed or submitted to the County Budget Commission.

The board should review the requirements of Ohio Revised Code Section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary monitoring.

**Management's Response** – We did not receive a response from officials to this finding.

**COVENTRY TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements, and Fund Classification	Not Corrected	Reissued as finding 2019-001

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# OHIO AUDITOR OF STATE KEITH FABER



**COVENTRY TOWNSHIP**

**SUMMIT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/20/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)