



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**COPLEY TOWNSHIP  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Copley Township  
Summit County  
1540 South Cleveland-Massillon Road  
Copley, Ohio 44321

To the Board of Trustees:

We have audited the accompanying financial statements of Copley Township, Summit County, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 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 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, 1999 and 1998, 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 September 1, 2000 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 audit.

This report is intended solely for the information and use of the 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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

September 1, 2000

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**COPLEY TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Taxes	\$620,190	\$3,624,637	\$166,137	\$ 0	\$4,410,964
Intergovernmental	883,754	544,472			1,428,226
Special Assessments		16,018	74,135		90,153
Licenses, Permits, and Fees		140,406			140,406
Fines and Forfeitures	17,406	1,593			18,999
Interest	147,434				147,434
Other Revenue	56,778	260,182			316,960
	<u>1,725,562</u>	<u>4,587,308</u>	<u>240,272</u>	<u>0</u>	<u>6,553,142</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	627,472	678,278			1,305,750
Public Safety	86,949	2,535,006			2,621,955
Public Works		1,023,977			1,023,977
Health	99,059	11,484			110,543
Debt Service:					
Bond Principal Payment			167,000		167,000
Interest and Fiscal Charges			66,483		66,483
Capital Outlay	334,337			10,859	345,196
	<u>1,147,817</u>	<u>4,248,745</u>	<u>233,483</u>	<u>10,859</u>	<u>5,640,904</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements:	577,745	338,563	6,789	(10,859)	912,238
<b>Other Financing Receipts/(Disbursements):</b>					
Advances-In		5,000			5,000
Advances-Out	(5,000)				(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	572,745	343,563	6,789	(10,859)	912,238
Fund Cash Balances, January 1	964,071	1,323,225	56,273	22,547	2,366,116
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,536,816</b></u>	<u><b>\$1,666,788</b></u>	<u><b>\$63,062</b></u>	<u><b>\$11,688</b></u>	<u><b>\$3,278,354</b></u>
Reserve for Encumbrances, December 31	<u>\$34,437</u>	<u>\$453,328</u>	<u>\$0</u>	<u>\$0</u>	<u>\$487,765</u>

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

**COPLEY TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - ALL FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Interest	\$1,000	\$0	\$1,000
Fund Cash Balances, January 1	19,783	3,776	23,559
<b>Fund Cash Balances, December 31</b>	<b><u>\$20,783</u></b>	<b><u>\$3,776</u></b>	<b><u>\$24,559</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**COPLEY TOWNSHIP**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Taxes	\$597,243	\$3,504,471	\$159,980	\$0	\$4,261,694
Intergovernmental	845,083	633,558			1,478,641
Special Assessments		14,693	87,321		102,014
Licenses, Permits, and Fees		65,611			65,611
Fines and Forfeitures	10,422	1,758			12,180
Interest	103,535	311			103,846
Other Revenue	138,280	309,286			447,566
<b>Total Cash Receipts</b>	<u>1,694,563</u>	<u>4,529,688</u>	<u>247,301</u>	<u>0</u>	<u>6,471,552</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	716,185	639,085			1,355,270
Public Safety	66,251	2,370,138			2,436,389
Public Works		1,049,363			1,049,363
Health	96,001	13,852			109,853
Debt Service:					
Bond Principal Payments			173,333		173,333
Note Principal Payments		37,000			37,000
Interest and Fiscal Charges		5,657	72,268		77,925
Capital Outlay	148,631	7,198		10,859	166,688
<b>Total Cash Disbursements</b>	<u>1,027,068</u>	<u>4,122,293</u>	<u>245,601</u>	<u>10,859</u>	<u>5,405,821</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	667,495	407,395	1,700	(10,859)	1,065,731
<b>Other Financing Receipts/(Disbursements):</b>					
Advances-In		10,000			10,000
Advances-Out	(10,000)				(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	657,495	417,395	1,700	(10,859)	1,065,731
<b>Fund Cash Balances, January 1, 1998</b>	<u>306,576</u>	<u>905,830</u>	<u>54,573</u>	<u>33,406</u>	<u>1,300,385</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u><b>\$964,071</b></u>	<u><b>\$1,323,225</b></u>	<u><b>\$56,273</b></u>	<u><b>\$22,547</b></u>	<u><b>\$2,366,116</b></u>
<b>Reserve for Encumbrances, December 31, 1998</b>	<u><b>\$199,228</b></u>	<u><b>\$243,795</b></u>	<u><b>\$0</b></u>	<u><b>\$19,979</b></u>	<u><b>\$463,002</b></u>

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

**COPLEY TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - ALL FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Fiduciary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Interest	\$1,843	\$0	\$1,843
Other		582	582
	<u>1,843</u>	<u>582</u>	<u>2,425</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Escrow Deposits		14,566	
Escrow Refunds		(14,566)	(14,566)
	<u>0</u>	<u>0</u>	<u>(14,566)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,843	582	(12,141)
Fund Cash Balances, January 1, 1998	<u>17,940</u>	<u>3,194</u>	<u>21,134</u>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$19,783</u></b>	<b><u>\$3,776</u></b>	<b><u>\$23,559</u></b>
Reserve for Encumbrances, December 31, 1998	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**COPLEY TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Copley 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 general governmental services, police and fire protection, emergency medical services, road services and recycling services.

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**

Certificates of deposit and 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.

**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 had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives gasoline taxes and motor vehicle tax money for constructing, maintaining and repairing Township roads.

Police District Fund - This fund receives taxes levied on property owners for the purpose of operating and maintaining the Township Police Department.

**COPLEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire District Fund - This fund receives taxes levied on property owners for the purpose of operating and maintaining the Township Fire Department.

Fire Continuous Levy Fund - This fund receives taxes levied on property owners for the purpose of operating and maintaining the Township's Fire and Emergency Medical services.

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Debt Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Township's general obligation debt.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Capital Equipment Fund - This fund is used to purchase capital equipment.

**5. Fiduciary Funds (Trust and Agency 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 had the following significant fiduciary funds:

Grace B. Mitchell Fund - This Non-Expendable Trust Fund is used to record the collection of interest to maintain the Township's cemetery.

Escrow Fund - This Agency Fund is used to account for monies held in escrow for ongoing construction contracts.

**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.

**COPLEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**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>1999</u>	<u>1998</u>
Demand deposits	(\$78,405)	(\$246,201)
Certificates of deposit	20,783	19,783
Total deposits	(57,622)	(226,418)
Repurchase agreements	3,360,535	2,616,093
Total deposits and investments	\$3,302,913	\$2,389,675

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township,

**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.

**COPLEY TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,984,463	\$1,725,562	(\$258,901)
Special Revenue	5,771,695	4,592,308	(1,179,387)
Debt Service	287,433	240,272	(47,161)
Capital Projects	2,333		(2,333)
Fiduciary	24,074	1,000	(23,074)
Total	\$8,069,998	\$6,559,142	(\$1,510,856)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,728,475	\$1,152,817	\$575,658
Special Revenue	5,466,012	4,248,745	1,217,267
Debt Service	237,744	233,483	4,261
Capital Projects	19,978	10,859	9,119
Fiduciary			
Total	\$7,452,209	\$5,645,904	\$1,806,305

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,925,405	\$1,694,563	(\$230,842)
Special Revenue	5,357,282	4,539,688	(817,594)
Debt Service	301,873	247,301	(54,572)
Capital Projects	33,171		(33,171)
Fiduciary	37,543	16,991	(20,552)
Total	\$7,655,274	\$6,498,543	(\$1,156,731)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,519,650	\$1,037,068	\$482,582
Special Revenue	5,142,068	4,122,293	1,019,775
Debt Service	308,707	245,601	63,106
Capital Projects	33,171	10,859	22,312
Fiduciary		14,566	(14,566)
Total	\$7,003,596	\$5,430,387	\$1,573,209

**COPLEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. MATERIAL NON-COMPLIANCE**

During 1999 and 1998, 20% of expenditures tested were not certified by the fiscal officer, as required by Ohio Revised Code Section 5705.41 (D).

During 1999 and 1998, appropriations exceeded estimated resources in the Governmental Fund Types, contrary to Ohio Revised Code Section 5705.39.

**5. 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. 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.

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Facilities Renovation Note	\$360,000	4.90%
Excavator Purchase Note	37,000	5.05%
Special Assessment Bonds:		
South Springside Drive	530,000	6.13%
Total	\$927,000	

The Facilities Renovation Note was issued for the purpose of paying a portion of the costs of constructing, renovating, and extending the police, fire and road garage. This note will be repaid in semiannual installments.

In 1997, the Township issued a three year note to purchase an excavator for road improvement projects within the Township. This note will be repaid in semiannual installments.

The Special Assessments Bonds were issued in anticipation of the collection of special assessments for the costs of laying out and extending South Springside Drive from Rothrock Road to Medina Road. Semiannual installments are made to repay the debt.

**COPLEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Facilities Renovation	Excavator Purchase	South Springside Road
2000	\$112,860	\$38,869	\$72,380
2001	107,280	0	65,240
2002	101,610	0	63,333
2003	95,850	0	61,390
2004	0	0	59,413
Subsequent	<u>0</u>	<u>0</u>	<u>473,200</u>
Total	<u>\$417,600</u>	<u>\$38,869</u>	<u>\$794,956</u>

**7. RETIREMENT SYSTEMS**

The Township's law enforcement officers and certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability
- Public official's liability
- Employer's liability
- Employee benefits liability

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

**9. JOINT VENTURES**

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The JEDD prevents annexation of Township property by the City of Akron and maintains the Township's property tax base. In addition, in exchange for water and sewer services from the City of Akron, the residents and businesses of the Township pay income tax to the City of Akron.

**COPLEY TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**9. JOINT VENTURES (Continued)**

The Township jointly operates a fire station with Bath Township. The Township is responsible for 50% of payroll costs for the station.

**10. CONTINGENT LIABILITIES**

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

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

Copley Township  
Summit County  
1540 South Cleveland-Massillon Road  
Copley, Ohio 44321

To the Board of Trustees:

We have audited the accompanying financial statements of Copley Township, Summit County, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 1, 2000. We conducted our audits 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.

**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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-40977-001 and 1999-40977-002.

We also noted an immaterial instance of noncompliance that we have reported to management of the Township a separate letter dated September 1, 2000.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 1999-40977-003.

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 do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated September 1, 2000.

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



**Jim Petro**  
Auditor of State

September 1, 2000

**COPLEY TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

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

**Finding Number 1999-40977-001**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two “exceptions” to the above requirements:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was both at the time of the contract or order and at the time the certificate was appropriated and free of any previous encumbrances, the Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Township Trustees.

Of the 1999 and 1998 expenditures, contracts and/or open purchase commitments tested, 20% were not certified by the Clerk until the time of payment. In addition, 32% of the expenditures selected for testing did not have purchase orders available to determine if they were certified by the Clerk. Then and Now Certificates were not used for these transactions. To avoid the possibility of overspending, the Clerk should include the certification of availability of funds for all expenditures, contracts and purchase commitments.

**Finding Number 1999-40977-002**

**Ohio Rev. Code Section 5705.39** states that appropriations are limited by estimated resources. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

Our budgetary testing for 1998 revealed that appropriations, during the year and at the final amendment, exceeded estimated resources as follows:

Fund	Date	Estimated Resources	Appropriation Resolutions	Variance
Road and Bridge	April 29, 1998	\$1,008,732	\$1,097,541	\$88,809
Capital Equipment	April 29, 1998	3,458	33,171	29,713
Bond Retirement	July 30, 1998	159,980	176,606	16,626
Bond Retirement	December 31, 1998	87,321	176,606	89,285

**COPLEY TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**Finding Number 1999-40977-002 (Continued)**

In addition, the County Auditor's Certificate signed September 11, 1998, revealed that appropriations were in excess of estimated resources in the following Special Revenue Funds: Fire/EMS, Law Enforcement Trust, FRS-Cops Fast, Zoning, MVL Tax, and Safety Town.

Our budgetary testing for 1999 revealed that appropriations, during the year and at the final amendment, exceeded estimated resources as follows:

Fund	Date	Estimated Resources	Appropriation Resolutions	Variance
General Fund	January 1, 1999	\$639,449	\$908,698	\$269,249
Capital Equipment	January 1, 1999	0	22,000	22,000
Capital Equipment	December 31, 1999	2,333	19,978	17,645

In addition, the County Auditor's Certificate signed May 26, 1999, revealed that appropriations were in excess of estimated resources in the Special Revenue MVL Tax Fund. We recommend the Clerk and Trustees closely monitor both the appropriation measures and estimated resources throughout the year. This will help eliminate the possibility of overspending available resources.

**Finding Number 1999-40977-003**

During 1999 and 1998, the Township did not always fully utilize the Uniform System of Accounting. The Township did not post all activity to its Cash Journal, Receipt Ledger and Appropriation/Expenditure Journal by detail or by fund as prescribed by the Ohio Admin. Code. When monies were received, the Township did not always post each receipt to the Cash Journal and Receipt Ledger contrary to Ohio Admin. Code Sections 117-3-08 and 117-3-09. Additionally, certain expenditures were also not posted in a timely manner contrary to Ohio Admin. Code Section 117-3-11. Many of the Township records were also not available for review in a timely fashion.

Financial activity should be posted to the accounting records in a timely manner. Reliable, timely financial information is essential to the Trustees for managing Township activities. Without accurate, reliable, and timely information, the Trustees may not be able to meet current obligations as they come due and may not be able to accurately plan for the future needs of the Township.

Posting of financial activity should be performed accurately and in a timely fashion, and bank reconciliations should be performed monthly, including reconciliations between bank balances and book balances.

To help ensure that accurate, timely and reliable financial information is provided, we recommend that the Clerk and Trustees develop and implement the following monitoring control procedures:

- # Establish and adhere to policies and procedures governing the "general ledger" pursuant to the Ohio Admin. Code Sections 117-3-01 through 117-3-17. These policies and procedures include such things as processing journal entries in a timely fashion, proper cut-off, supervisory approvals, etc.
- # Prepare and review account reconciliations timely, including clearance of reconciling items (e.g., bank account reconciliations) to help ensure accounts are reconciled accurately and in a timely manner
- # Review information such as long outstanding items and unusual or significant accounting entries

**COPLEY TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 1999-40977-003 (Continued)**

- # Develop and implement monitoring procedures to help ensure that transactions are properly recorded and also recorded in the proper period
- # Develop and implement monitoring procedures to help ensure that all financial activity, for the period, is reflected in the financial statements
- # Exercise due care in the payment of financial obligations to avoid overpayment of bills and help eliminate late payments, fines and penalties
- # Review account numbers to ensure they are needed and are consistently used from year to year
- # Ensure adequate descriptions are used for receipts and expenditures and include complete and adequate supporting documentation
- # Maintain records for easy access and retrieval

These procedures will help improve the timeliness and accuracy of financial information provided to the Township Trustees and also improve the financial record keeping of the Township.





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OFFICE OF THE AUDITOR

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**COPLEY 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  
OCTOBER 10, 2000**