

***COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
Copley Township, Summit County
1540 Cleveland-Massillon Rd.
Copley, OH 44321

We have reviewed the *Report of Independent Accountants* of Copley Township, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Copley Township, Summit County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 12, 2006

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COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 & 2004

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Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Copley Township
Summit County
1540 S. Cleveland-Massillon Road
Copley, Ohio 44321-1908

We have audited the accompanying financial statements of Copley Township, Summit County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004. 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. We believe that 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 the 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 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, 2005 and 2004, 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 Copley Township, Summit County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements and changes in fund cash balances 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, 2005 and 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 June 16, 2006, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

June 16, 2006

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2005

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property Taxes and Other Local Taxes	\$ 839,531	\$ 5,270,956	-	-	\$ 6,110,487
Charges for Services	-	416,733	-	-	416,733
Licenses, permits and fees	67,882	58,643	-	-	126,525
Fines and Forfeitures	15,195	3,155	-	-	18,350
Intergovernmental	985,238	969,976	-	\$ 144,453	2,099,667
Special Assessments	-	559	\$ 57,750	-	58,309
Earnings on Investments	211,372	9,859	-	-	221,231
Miscellaneous	30,451	57,840	-	-	88,291
Total Receipts	2,149,669	6,787,721	57,750	144,453	9,139,593
Disbursements:					
Current:					
General Government	1,007,315	204,038	-	-	1,211,353
Public Safety	163,374	4,292,927	-	-	4,456,301
Public Works	-	1,788,428	-	-	1,788,428
Health	142,763	6,653	-	-	149,416
Conservation-Recreation	80,219	-	-	-	80,219
Capital Outlay	730,898	148,001	-	181,974	1,060,873
Debt Service:					
Principal	-	-	35,000	-	35,000
Interest & Fiscal Charges	-	-	22,400	-	22,400
Total Cash Disbursements	2,124,569	6,440,047	57,400	181,974	8,803,990
Excess of Receipts Over/(Under) Disbursements	25,100	347,674	350	(37,521)	335,603
Other Financing Sources/(Uses):					
Advances-In	14,369	48,475	-	122,712	185,556
Advances-Out	(171,187)	(13,530)	-	(839)	(185,556)
Total Other Financing Sources/(Uses)	(156,818)	34,945	-	121,873	-
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(131,718)	382,619	350	84,352	335,603
Fund Balance January 1, 2005	1,916,619	3,344,723	178,473	199,507	5,639,322
Fund Balance December 31, 2005	\$ 1,784,901	\$ 3,727,342	\$ 178,823	\$ 283,859	\$ 5,974,925
Reserve for Encumbrances, December 31, 2005	\$ 819,866	\$ 875,592	-	\$ 121,873	\$ 1,817,331

See accompanying Notes to the Financial Statements.

**COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
For the Year Ended December 31, 2005**

	<u>Fiduciary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Non-Expendable Trust Funds</u>	<u>Agency</u>	
Operating Receipts:			
Earnings on Investments	\$ 757	-	\$ 757
Deposits	-	\$ 112,800	112,800
Total Operating Receipts	757	112,800	113,557
Operating Disbursements:			
Deposits Returned	-	144,000	144,000
Total Operating Disbursements	-	144,000	144,000
Excess Operating Receipts Over/(Under) Operating Disbursements	757	(31,200)	(30,443)
Non-Operating Receipts/Disbursements			
Miscellaneous Receipts	-	20	20
Total Non-Operating Receipts/Disbursements	-	20	20
Net Receipts Over Disbursements	-	(31,180)	(30,423)
Fund Balance January 1, 2005	24,294	172,921	197,215
Fund Balance December 31, 2005	\$ 25,051	\$ 141,741	\$ 166,792
Reserve for Encumbrances, December 31, 2005	-	\$ 20,800	\$ 20,800

See accompanying Notes to the Financial Statements.

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2004

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property Taxes and Other Local Taxes	\$ 832,890	\$ 5,196,937	-	-	\$ 6,029,827
Charges for Services	-	409,272	-	-	409,272
Licenses, permits and fees	-	60,758	-	-	60,758
Fines and Forfeitures	15,164	1,833	-	-	16,997
Intergovernmental	856,180	859,267	-	\$ 485,247	2,200,694
Special Assessments	-	-	\$ 59,917	-	59,917
Earnings on Investments	74,089	1,830	-	-	75,919
Miscellaneous	91,191	125,525	-	-	216,716
Total Receipts	1,869,514	6,655,422	59,917	485,247	9,070,100
Disbursements:					
Current:					
General Government	1,231,504	573,258	-	-	1,804,762
Public Safety	52,376	3,938,327	-	-	3,990,703
Public Works	-	1,565,980	-	-	1,565,980
Health	135,006	13,675	-	-	148,681
Conservation-Recreation	768	-	-	-	768
Capital Outlay	458,517	196,370	-	285,975	940,862
Debt Service:					
Principal	-	-	35,000	-	35,000
Interest & Fiscal Charges	-	-	24,413	-	24,413
Total Cash Disbursements	1,878,171	6,287,610	59,413	285,975	8,511,169
Excess of Receipts Over/(Under) Disbursements	(8,657)	367,812	504	199,272	558,931
Other Financing Sources/(Uses):					
Other Uses	(193)	-	-	-	(193)
Total Other Financing Sources/(Uses)	(193)	-	-	-	(193)
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(8,850)	367,812	504	199,272	558,738
Fund Balance January 1, 2004	1,925,469	2,976,911	177,969	235	5,080,584
Fund Balance December 31, 2004	\$ 1,916,619	\$ 3,344,723	\$ 178,473	\$ 199,507	\$ 5,639,322
Reserve for Encumbrances, December 31, 2004	\$ 266,179	\$ 530,955	-	\$ 37,544	\$ 834,678

See accompanying Notes to the Financial Statements.

**COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
For the Year Ended December 31, 2004**

	<u>Fiduciary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Receipts:			
Earnings on Investments	\$ 282	-	\$ 282
Other - Deposits	-	\$ 135,200	135,200
Total Operating Receipts	282	135,200	135,482
Operating Disbursements:			
Deposits Returned	-	83,650	83,650
Total Operating Disbursements	-	83,650	83,650
Excess Operating Receipts Over/(Under) Operating Disbursements	282	51,550	51,832
Non-Operating Receipts/Disbursements			
Miscellaneous Receipts	-	1,200	1,200
Total Non-Operating Receipts/Disbursements	-	1,200	1,200
Net Receipts Over Disbursements	-	52,750	53,032
Fund Balance January 1, 2004	24,012	120,171	144,183
Fund Balance December 31, 2004	\$ 24,294	\$ 172,921	\$ 197,215
Reserve for Encumbrances, December 31, 2004	-	\$ 123,200	\$ 123,200

See accompanying Notes to the Financial Statements.

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Copley Township, Summit County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, recycling services, and fire protection and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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.)

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

C. CASH

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

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- *Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- *Police District Fund* – This fund receives property tax money to operate and maintain the Township Police Department.
- *Fire District Fund* – This fund receives property tax money to operate and maintain the Township Fire Department.

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

- *General Bond (Note) Retirement Fund* – This fund is used to accumulate resources for the payment of principal and interest on the Township general obligation facilities renovation project.
- *Miscellaneous Debt Service Fund* – This fund is used to accumulate resources for the principal and interest on the Township's general obligation South Springside Road project debt.

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Capital Projects Fund: This fund is used to account for receipts that are restricted for the acquisition or construction of capital projects (except those financed through enterprise or trust funds). The Township has the following significant Capital Projects Fund:

- *FEMA Grant Fund* – The Township receive a grant from the Federal Emergency Management Agency.

Fiduciary Fund Types:

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

- *Road and Culvert Deposits Fund* – This Agency fund is used to account for monies collected for road and culvert deposit fees.
- *Grace B. Mitchell Fund* – This Non-Expendable Trust Fund is used to record the collection of interest used to maintain the Township's cemetery.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2004 and 2005. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

**COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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 at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand Deposits	<u>\$6,141,717</u>	<u>\$5,836,537</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

**COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

3. PROPERTY TAXES - (continued)

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

<u>Fund:</u>	<u>2005 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$2,077,481	\$2,164,038	\$86,557
Special Revenue	6,967,008	6,836,196	(130,812)
Debt Service	75,850	57,750	(18,100)
Capital Projects	470,810	267,165	(203,645)
Non-expendable Trust	21,051	757	(20,294)
Total	<u>\$9,612,200</u>	<u>\$9,325,906</u>	<u>\$(286,294)</u>

<u>Fund:</u>	<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$3,643,125	\$3,115,622	\$527,503
Special Revenue	9,411,401	7,329,169	2,082,232
Debt Service	60,000	57,400	2,600
Capital Projects	508,354	304,686	203,668
Non-expendable Trust	-	-	-
Total	<u>\$13,622,880</u>	<u>\$10,806,877</u>	<u>\$2,816,003</u>

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

4. BUDGETARY ACTIVITY - (continued)

<u>Fund:</u>	<u>2004 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	
General Fund	\$1,881,882	\$1,869,514	\$(12,368)
Special Revenue Funds	6,469,759	6,655,422	185,663
Debt Service Fund	59,917	59,917	-
Capital Projects Funds	96,855	485,247	388,392
Non-Expendable Trust	250	282	32
Total	\$8,508,663	\$9,070,382	\$561,719

<u>Fund:</u>	<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	
General Fund	\$3,333,479	\$2,144,543	\$1,188,936
Special Revenue Funds	7,778,422	6,818,565	959,857
Debt Service Fund	65,000	59,413	5,587
Capital Projects Funds	485,247	323,519	161,728
Total	\$11,662,148	\$9,346,040	\$2,316,108

5. RETIREMENT SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Township contributed 24%. OPERS members contributed 8.5% of their gross pay while the Township contributed an amount equal to 13.55% of covered payroll. OPERS (law enforcement) contributed 10.1% of their salaries. The Township contributed an amount equal to 16.7% of the participant's gross salaries. The Township paid all required contributions through 2005.

**COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability
- Law Enforcement Liability

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the Township are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2005 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds	\$315,000	6 %
	<u>\$315,000</u>	

Principal and interest requirements for debt outstanding at December 31, 2005 is as follows:

<u>Year Ended</u>	<u>Special Assessment Bonds</u>
2006	\$55,160
2007	52,920
2008	50,680
2009	48,440
2010	46,200
2011-2014	<u>162,400</u>
Total	<u>\$415,800</u>

COPLEY TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

8. JOINT VENTURE

The Township is a member of a Joint Economic District with the City of Akron. The City of Akron provides water service to businesses within the JEDD while the JEDD is permitted to collect income tax on those businesses. At the same time, the JEDD prevents annexation of Township property by either city and maintains the Township's rural character and property tax base.

The Township jointly operates a fire station with Bath Township. The Township is responsible for 50% of payroll costs for the station. For the year ended December 31, 2005, the Township's expenditures for the fire station were \$131,458.

9. LEGAL COMPLIANCE

The Township did not properly certify the availability of funds for 19 of 63 non-payroll expenditures contrary to Section 5705.41 (D) of the Ohio Revised Code.

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax (216) 436-2411

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Copley Township
1540 S. Cleveland-Massillon Road
Copley, Ohio 44321-1908

We have audited the financial statements of Copley Township, Summit County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 16, 2006, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, 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 an opinion on the internal control over financial reporting. Our consideration of 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 internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated June 16, 2006,

Compliance and Other Matters

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, grant agreements and other matters, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2005-Copley-001. We also noted other matters involving compliance that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 16, 2006.

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

Charles E. Harris and Associates, Inc.
June 16, 2006

COPLEY TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

Finding Number: 2004-Copley-001

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less that \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

COPLEY TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

Finding Number: 2005-Copley-001 – (continued)

The Township did not properly certify the availability of funds for 19 of 63 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Clerk certify the availability of funds prior to the commitment for the expenditure of Township money. The Township should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

Management Response:

Beginning with the term of the current Fiscal Officer in October 2004, procedures were put in place to improve controls over disbursements so that all expenditures are properly certified. Blanket Certificates and Super Blanket Certificates, as well as regular Purchase Orders, are used to encumber funds for anticipated expenditures and Then and Now Certificates are used when expenditures have not been previously anticipated. Requisitions, purchase orders and accounts payable checks are processed weekly to eliminate the possibility of duplicate payments and departments are continuously advised on open purchase orders and blanket certificate balances. Proper approval procedures are required before processing and must be documented on the related instruments. All implemented procedures have contributed to an efficient and timely processing of expenditures that continues to improve.

COPLEY TOWNSHIP
SUMMIT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain: Per ADAM 2001-10-Disclose the current year finding in this schedule
2003-001	ORC Section 5705.41 (D) - Failure to certify	No	Not Corrected, repeated as Item 2005-Copley-001



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JULY 25, 2006**