



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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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, Ohio, (the Township) as of and for the year ended December 31, 2000. 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 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 audit 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 audit provides 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, 2000, 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 March 21, 2001 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 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.

Jim Petro
Auditor of State

March 21, 2001

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**COPLEY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Taxes	\$629,500	\$3,935,023	\$137,790	\$0	\$4,702,313
Intergovernmental	1,007,834	598,427			1,606,261
Special Assessments		14,982	99,364		114,346
Licenses, Permits, and Fees		128,403			128,403
Fines, Forfeitures, and Penalties	14,479	1,950			16,429
Interest	249,625				249,625
Other Revenue	81,931	243,698			325,629
	<u>1,983,369</u>	<u>4,922,483</u>	<u>237,154</u>	<u>0</u>	<u>7,143,006</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	643,172	819,545			1,462,717
Public Safety	176,176	2,783,251			2,959,427
Public Works		1,265,411			1,265,411
Health	3,562	8,265			11,827
Debt Service:					
Redemption of Principal			130,000		130,000
Interest and Fiscal Charges			55,240		55,240
Capital Outlay	244,502				244,502
	<u>1,067,412</u>	<u>4,876,472</u>	<u>185,240</u>	<u>0</u>	<u>6,129,124</u>
Total Cash Disbursements					
Total Cash Receipts Over Cash Disbursements	<u>915,957</u>	<u>46,011</u>	<u>51,914</u>	<u>0</u>	<u>1,013,882</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		3,930	12,210		16,140
Transfers-Out	(16,140)				(16,140)
Sale of Fixed Assets		19,840			19,840
	<u>(16,140)</u>	<u>23,770</u>	<u>12,210</u>	<u>0</u>	<u>19,840</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	899,817	69,781	64,124	0	1,033,722
Fund Cash Balances, January 1	1,536,818	1,678,238	63,061	235	3,278,352
Fund Cash Balances, December 31	<u>\$2,436,635</u>	<u>\$1,748,019</u>	<u>\$127,185</u>	<u>\$235</u>	<u>\$4,312,074</u>
Reserve for Encumbrances, December 31	<u>\$102,204</u>	<u>\$345,529</u>	<u>\$0</u>	<u>\$0</u>	<u>\$447,733</u>

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

**COPLEY TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Interest	\$1,054	\$0	\$1,054
Other Financing Receipts/(Disbursements):			
Cablevision Receipts		24,827	24,827
Cablevision Disbursements		(24,827)	(24,827)
Millennium Bricks Receipts		4,003	4,003
Total Other Financing Receipts/(Disbursements):	<u>0</u>	<u>4,003</u>	<u>4,003</u>
Excess of Operating Cash Receipts and Other Financing Receipts Over/(Under) Other Financing Disbursements	1,054	4,003	5,057
Fund Cash Balances, January 1	<u>20,783</u>	<u>3,776</u>	<u>24,559</u>
Fund Cash Balances, December 31	<u>\$21,837</u>	<u>\$7,779</u>	<u>\$29,616</u>
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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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.

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

**COPLEY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

The Debt Service Fund is used to accumulate resources for the payment of bond and note indebtedness. The Township had the following significant Debt Service Funds:

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. 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.

Copley Millennium Committee Fund - This Agency Fund is used to account for monies collected for the construction of the Copley Township Brick Wall.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**COPLEY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. 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:

	2000
Demand deposits	(\$101,651)
Certificates of deposit	21,837
Total deposits	(79,814)
Repurchase agreements	4,421,504
Total deposits and investments	\$4,341,690

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,821,613	\$1,983,369	\$161,756
Special Revenue	5,138,521	4,946,253	(192,268)
Debt Service	207,707	249,364	41,657
Fiduciary	29,884	28,830	(1,054)
Total	\$7,197,725	\$7,207,816	\$10,091

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,986,712	\$1,185,756	\$800,956
Special Revenue	5,796,067	5,222,001	574,066
Debt Service	185,240	185,240	0
Fiduciary	28,830	24,827	4,003
Total	\$7,996,849	\$6,617,824	\$1,379,025

4. PROPERTY TAX

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

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

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

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

**COPLEY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Facilities Renovation Note	\$270,000	4.90%
Special Assessment Bonds: South Springside Drive	490,000	6.13%
Total	\$760,000	

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.

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.

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

Year ending December 31:	Facilities Renovation	South Springside Road
2001	\$107,280	\$65,240
2002	101,610	63,333
2003	95,850	61,390
2004	0	59,413
2005	0	57,400
Subsequent	0	415,800
	\$304,740	\$722,576

6. 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 2000, 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 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**COPLEY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

7. 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.

8. 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.

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



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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 year ended December 31, 2000, and have issued our report thereon dated March 21, 2001. We conducted our audit 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 21, 2001.

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 a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 2000-40977-001.

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 believe the reportable condition described above is a not material weakness.

Copley Township
Summit County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
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In addition, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 21, 2001.

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

Jim Petro
Auditor of State

March 21, 2001

**COPLEY TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

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

FINDING NUMBER 2000-40977-001

Reportable Condition

Although we noted that improvements had been made during the audit period, it was noted that certain financial activity was neither properly recorded nor were bank reconciliations performed on a timely basis. Providing current and reliable financial information is essential to the Trustees for management and future planning.

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 financial information is provided, we recommend that the Clerk and Trustees develop, implement, and monitor the following control procedures for assurance as to the timeliness and reliability of financial information.

Review and formally approve monthly financial statement information at each monthly Board meeting

Review information such as long outstanding items and unusual or significant accounting entries

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.

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

Develop and implement monitoring procedures to help ensure that transactions are properly recorded

Develop and implement procedures for maintaining supporting documentation for all financial transactions including interoffice memos and correspondence

Develop and implement procedures that require that receipts include the detail of the amount and account code where items are posted, as well as prohibit the manual changing of preassigned receipt numbers

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.



STATE OF OHIO
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
APRIL 12, 2001**