



**COPLEY TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio Governments.

We believe 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 Copley Township, Summit County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2004 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.

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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 20, 2004

**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, 2003**

	<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:					
Local Taxes	\$842,142	\$5,039,909			\$5,882,051
Intergovernmental	720,910	767,335		\$21,141	1,509,386
Special Assessments			\$81,932		81,932
Charges for Services		188,768			188,768
Licenses, Permits, and Fees		87,669			87,669
Fines, Forfeitures, and Penalties	17,139	4,885			22,024
Earnings on Investments	54,391	1,819			56,210
Other	103,738	122,213			225,951
Total Cash Receipts	<u>1,738,320</u>	<u>6,212,598</u>	<u>81,932</u>	<u>21,141</u>	<u>8,053,991</u>
Cash Disbursements:					
Current:					
General Government	994,363	485,508			1,479,871
Public Safety	73,685	4,002,798			4,076,483
Public Works		1,537,290		21,141	1,558,431
Health	126,345	12,173			138,518
Debt Service:					
Redemption of Principal			83,420		83,420
Interest and Fiscal Charges			32,715		32,715
Capital Outlay	259,414	55,422			314,836
Total Cash Disbursements	<u>1,453,807</u>	<u>6,093,191</u>	<u>116,135</u>	<u>21,141</u>	<u>7,684,274</u>
Total Receipts Over/(Under) Disbursements	<u>284,513</u>	<u>119,407</u>	<u>(34,203)</u>	<u>0</u>	<u>369,717</u>
Fund Cash Balances, January 1	<u>1,640,956</u>	<u>2,857,504</u>	<u>212,172</u>	<u>235</u>	<u>4,710,867</u>
Fund Cash Balances, December 31	<u>\$1,925,469</u>	<u>\$2,976,911</u>	<u>\$177,969</u>	<u>\$235</u>	<u>\$5,080,584</u>
Reserves for Encumbrances, December 31	<u>\$221,855</u>	<u>\$697,808</u>	<u>\$0</u>	<u>\$0</u>	<u>\$919,663</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, 2003**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts:			
License, Permits, and Fees		\$113,600	\$113,600
Earnings on Investments	\$242		242
Total Operating Cash Receipts	242	113,600	113,842
Operating Cash Disbursements:			
Other		68,411	68,411
Total Operating Cash Disbursements	0	68,411	68,411
Operating Income	242	45,189	45,431
Non-Operating Cash Receipts:			
Miscellaneous Receipts		3,378	3,378
Other Financing Sources		800	800
Total Non-Operating Cash Receipts	0	4,178	4,178
Net Receipts Over Disbursements	242	49,367	49,609
Fund Cash Balances, January 1	23,770	70,804	94,574
Fund Cash Balances, December 31	\$24,012	\$120,171	\$144,183
Reserves for Encumbrances, December 31	\$0	\$98,400	\$98,400

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

**COPLEY TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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 road and bridge maintenance, cemetery maintenance, police and fire protection, emergency medical 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

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.

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 has the following significant Special Revenue Funds:

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township has 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's general obligation Facilities Renovation Project debt.

Miscellaneous Debt Service Fund - This fund is used to accumulate resources for the payment of principal and interest on the Township's general obligation South Springside Road Project 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 (except those financed through enterprise or trust funds). The Township has the following significant Capital Projects Funds:

Miscellaneous Capital Projects - The Township received a grant from the Federal Emergency Management Agency.

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 has the following significant fiduciary funds:

Road Culvert Deposits Fund - This Agency Fund is used to account for monies collected for road-culvert deposit fees.

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

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 level, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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.

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 throughout the year.

A summary of 2003 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. 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.

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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

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>2003</u>
Demand deposits	\$735,755
Certificates of deposit	24,012
Total deposits	<u>759,767</u>
Repurchase agreement	4,465,000
Total deposits and investments	<u>\$5,224,767</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,990,705	\$1,738,320	(\$252,385)
Special Revenue	6,065,890	6,212,598	146,708
Debt Service	163,090	81,932	(81,158)
Capital Projects	0	21,141	21,141
Fiduciary	20,400	118,020	97,620
Total	<u>\$8,240,085</u>	<u>\$8,172,011</u>	<u>(\$68,074)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,340,176	\$1,675,662	\$1,664,514
Special Revenue	8,464,040	6,790,999	1,673,041
Debt Service	116,135	116,135	0
Capital Projects	21,141	21,141	0
Fiduciary	153,853	166,811	(12,958)
Total	<u>\$12,095,345</u>	<u>\$8,770,748</u>	<u>\$3,324,597</u>

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Rev. Code Section 5705.41(D), expenditures were not always certified by the clerk as to the availability of funds prior to the obligation date of the expenditures.

4. 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 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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds:		
South Springside Road	\$385,000	6%

The Special Assessment Bonds were issued in anticipation of the collection of special assessments for the cost of 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:

	<u>South Springside Drive Bond</u>
Year ending December 31:	
2004	\$59,413
2005	57,400
2006	55,160
2007	52,920
2008	50,680
2009 - 2013	219,800
2014	<u>37,240</u>
Total	<u><u>\$532,613</u></u>

**COPLEY TOWNSHIP
SUMMIT COUNTY**

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

6. RETIREMENT SYSTEMS

The Township's certified full-time Fire Fighters belong to the Police and 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 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 also prescribed by the Ohio Revised Code. For 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. OPERS (law enforcement) contributed 10.1% of their salaries. The Township contributed an amount equal to 16.7% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

8. JOINT VENTURE

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides water service to businesses and residents 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 the City and maintains the Township's 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, 2003, the Township's expenditures for the fire station were \$115,901.

9. CONTINGENT LIABILITIES

The Township is 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.



Auditor of State Betty Montgomery

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

Copley Township
Summit County
1540 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 years ended December 31, 2003, and have issued our report thereon dated April 20, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 2003-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 2004.

Internal Control 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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However, 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 April 20, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 20, 2004

**COPLEY TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall 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:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time he is completing his certification a sufficient sum was appropriated and free of any previous encumbrances, the Board 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.

- B. If the amount involved is less than \$1,000 (which was increased to \$3,000 as of April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

Of the transactions tested, 32% were not certified by the Clerk/Treasurer prior to the obligation date of the expenditure. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. In two instances occurring after April 7, 2003, the Township did use "Then and Now Certificates" for amounts above \$3,000; however, there was no evidence that the Board approved the use of the certificate. Failure to certify the availability of these funds prior to entering into the commitment could result in making commitments in excess of available funds. The Township should establish procedures to ensure that all expenditures are certified prior to their obligation and any "Then and Now Certificates" that required Board approval are approved as required.

Also, during the test for 2003 unrecorded encumbrances it was noted that 80% of the selected vouchers paid in the months of January and February of 2004 were for goods and services received on or prior to December 31, 2003; however, they were certified on purchase orders created in 2004.

**COPLEY TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Revised Code Section 5705.41(D) – failure to certify	No	Not corrected, repeated as item 2003-001



**Auditor of State
Betty Montgomery**

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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
AUGUST 17, 2004**