



**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 (the Township) as of and for the year ended December 31, 2002. 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. 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, 2002, 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 May 28, 2003 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 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

May 28, 2003

**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, 2002**

	<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>					
Local Taxes	\$656,399	\$4,357,625	\$6,000	\$0	\$5,020,024
Intergovernmental	777,556	687,666			1,465,222
Special Assessments			135,880		135,880
Licenses, Permits, and Fees	14,802	138,218			153,020
Fines, Forfeitures, and Penalties		5,901			5,901
Earnings on Investments	88,375	1,861			90,236
Other Revenue	142,893	95,312			238,205
	<u>1,680,025</u>	<u>5,286,583</u>	<u>141,880</u>	<u>0</u>	<u>7,108,488</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	1,128,168	460,964			1,589,132
Public Safety	97,516	3,260,067			3,357,583
Public Works		1,158,589			1,158,589
Health	118,998	7,545			126,543
Miscellaneous		20,485			20,485
Debt Service:					
Redemption of Principal			125,000		125,000
Interest and Fiscal Charges			39,943		39,943
Capital Outlay	1,554,564				1,554,564
	<u>2,899,246</u>	<u>4,907,650</u>	<u>164,943</u>	<u>0</u>	<u>7,971,839</u>
Total Receipts Over/(Under) Disbursements	<u>(1,219,221)</u>	<u>378,933</u>	<u>(23,063)</u>	<u>0</u>	<u>(863,351)</u>
Fund Cash Balances, January 1	<u>2,860,177</u>	<u>2,478,571</u>	<u>235,235</u>	<u>235</u>	<u>5,574,218</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,640,956</u></b>	<b><u>\$2,857,504</u></b>	<b><u>\$212,172</u></b>	<b><u>\$235</u></b>	<b><u>\$4,710,867</u></b>
Reserves for Encumbrances, December 31	<u>\$222,888</u>	<u>\$317,082</u>	<u>\$0</u>	<u>\$0</u>	<u>\$539,970</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, 2002**

	<b>Fiduciary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Nonexpendable Trust</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Deposit on Permit	\$0	\$62,400	\$62,400
Earnings on Investments	373		373
<b>Total Operating Cash Receipts</b>	<b>373</b>	<b>62,400</b>	<b>62,773</b>
<b>Operating Cash Disbursements:</b>			
Purchased Services		4,936	4,936
Return of Deposit		62,536	62,536
<b>Total Operating Cash Disbursements</b>	<b>0</b>	<b>67,472</b>	<b>67,472</b>
Operating Income/(Loss)	373	(5,072)	(4,699)
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		14,334	14,334
Net Receipts Over Disbursements	373	9,262	9,635
Fund Cash Balances, January 1	23,397	61,542	84,939
<b>Fund Cash Balances, December 31</b>	<b>\$23,770</b>	<b>\$70,804</b>	<b>\$94,574</b>
Reserves for Encumbrances, December 31	\$0	\$25,422	\$25,422

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



**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**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 agreement 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:

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

*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. 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 used to maintain the Township's cemetery.

**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.

**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

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

**E. Budgetary Process**

**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 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as 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 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>2002</u>
Demand deposits	<u>\$641,671</u>
Certificates of deposit	<u>23,770</u>
Total deposits	<u>665,441</u>
Repurchase agreement	<u>4,140,000</u>
Total deposits and investments	<u><u>\$4,805,441</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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.

**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,505,004	\$1,680,025	\$175,021
Special Revenue	5,287,170	5,286,583	(587)
Debt Service	404,122	141,880	(262,242)
Fiduciary	80,000	77,107	(2,893)
Total	\$7,276,296	\$7,185,595	(\$90,701)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,648,433	\$3,122,134	\$1,526,299
Special Revenue	7,182,078	5,224,732	1,957,346
Debt Service	377,115	164,943	212,172
Fiduciary	103,585	92,894	10,691
Total	\$12,311,211	\$8,604,703	\$3,706,508

**4. NONCOMPLIANCE**

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

**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 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  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Facilities Renovation Note	\$90,000	5%
Special Assessment Bonds:		
South Springside Road	420,000	6%
Total	\$510,000	

The Facilities Renovations Note was issued for the purpose of paying a portion of the costs of constructing, renovating, and extending the police, fire, and road garage. Semiannual installments are made to repay the debt.

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:

	Facilities Renovation Note	South Springside Drive Bond
Year ending December 31:		
2003	\$95,850	\$61,390
2004		59,413
2005		57,400
2006		55,160
2007		52,920
2008 - 2012		231,000
2013 - 2014		76,720
Total	\$95,850	\$594,003

**7. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). 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 2002 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 for 2002. The Township has paid all contributions required through December 31, 2002.

**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**8. 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.

**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 (the Township) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 28, 2003. 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 2002-001

In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 28, 2003.

**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 May 28, 2003.

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

May 28, 2003



**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2002-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

- Then and Now Certificate: This exception provides that, if the fiscal officer (clerk) can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority (Board of Trustees) has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 expenditures by the taxing authority.

During the testing of non-payroll disbursements, we noted that 32% of the items tested included invoices that preceded the fiscal officer's certification. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Township should certify the availability of funds prior to incurring the obligation for expenditures. The Township should also implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

**COPLEY TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-40977-001	Revised Code Section 5705.41(D) – failure to certify	No	Not corrected, repeated as item 2002-001
2001-40977-002	The posting of financial activity accurately or in a timely fashion and reviews to be performed by the Board of Trustees	No	Partially corrected. Some improvement: however, there is still indication financial activity is not posted accurately. In addition, financial reports are not presented to the Board of Trustees consistently. Finding has been moved to management letter.



**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  
JULY 15, 2003**