

AJS reviewed and it appears IPA has included all required components from the shell.

***VILLAGE OF EAST CANTON***

***STARK COUNTY***

Agreed-Upon Procedures

For the Years Ended December 31, 2018 and 2017







88 East Broad Street  
Columbus, Ohio 43215  
IPARreport@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of East Canton  
130 South Cedar Street  
East Canton, Ohio 44730

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of East Canton, Stark County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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. The Village of East Canton is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 19, 2019

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*Village of East Canton  
Stark County  
For the Years Ended December 31, 2018 and 2017*

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Village of East Canton  
Stark County  
130 South Cedar Street  
East Canton, Ohio 44730

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of East Canton, Stark County, Ohio (the Village), and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

**Cash**

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Export. The amounts agreed.
  - b. We inspected the Receipt Export to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Export to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Export to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Export included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Vendor Payments by Vendor Number Reports from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Export. The amounts agreed.
  - b. We inspected the Receipt Export to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Export to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We compared the allocation of income tax receipts for the years ended December 31, 2018 and 2017 to the Village's funds according to the allocation requirements of Ordinance No. 2015-14. The allocation agreed with the percentages the Ordinance requires.
2. We selected a sample (agreed upon) of five income tax returns filed during 2018 and five from 2017.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Final Returns Log. The amounts agreed.
  - b. We compared the cash register tape total from procedure a. to the amount recorded as income tax receipts in the Receipt Export for that date. The amounts agreed.
4. We compared the date of the receipts to the date the receipts were posted in the Receipt Export to determine whether the receipts were recorded in the year received. We found no exceptions.
5. We selected a sample (agreed upon) of five income tax refunds from 2018 and five from 2017.
  - a. We compared the refund paid from Payment Export to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by the Fiscal Officer on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund, as is required.



**Water Fund**

1. We selected a sample (agreed upon) of 10 Water Fund collection cash receipts from the year ended December 31, 2018 and 10 Water Fund collection cash receipts from the year ended 2017 recorded in the Receipt Export and determined whether the:
  - a. Receipt amount per the Receipt Export agreed to the amount recorded to the credit of the customer's account in the Pending Billing Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Pending Billing Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We observed the Aged Balance Report.
  - a. This report listed \$59,630 and \$54,439 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$1,160 and \$1,644 were recorded as more than 90 days delinquent.
3. We observed the Non-cash Adjustments Report.
  - a. This report listed a total of \$178 and \$534 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. We selected all of the non-cash adjustments from 2018 and a sample (agreed upon) of five non-cash adjustments from 2017, and observed that the Village Administrator approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the Village's January 1, 2017 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
2005 OPWC Loan #CS08F	\$150,556
2009 OPWC Loan #CS07I	33,862
2010 OPWC Loan #CS07M	59,049
2012 OPWC Loan #CT46P	32,438
2003 OWDA Loan #3911	76,576

2. We inquired of management, and inspected the Receipt Export and Payment Export for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.

3. We obtained a summary of loans and leases debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Street Construction, Maintenance, and Repair Fund and Water Reserve Nassua Waterline Replacement Fund payments reported in the Payment Export. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Village must use the proceeds to purchase a truck. We inspected the Payment Export and observed the Village purchased a truck in May of 2018.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 11, 2019	\$3,540.32	\$3,540.32
State income taxes	January 31, 2019	January 30, 2019	\$584.85	\$584.85
Village of East Canton income tax	January 30, 2019	January 30, 2019	\$439.56	\$439.56
OPERS retirement	January 30, 2019	January 30, 2019	\$4,955.14	\$4,955.14
OP&F retirement	January 31, 2019	January 30, 2019	\$2,748.86	\$2,748.86

3. We selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Wage Detail Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

### **Non-Payroll Cash Disbursements**

1. We selected a sample (agreed upon) of 10 disbursements from the Payment Export for the year ended December 31, 2018 and 10 disbursements from the Payment Export for the year ended December 31, 2017 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Export and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Mayors Court Transactions**

1. We selected a sample (agreed upon) of five cases from the court cash book and agreed the payee and amount posted to the:
  - a. Duplicate receipt book.
  - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
  - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

2. From the cash book, we selected one month from the year ended December 31, 2018 and one month from the year ended December 31, 2017 and determined whether:
  - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
  - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction, Maintenance and Repair and Water funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Construction, Maintenance and Repair and Water funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Street Construction, Maintenance and Repair and Water Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction, Maintenance and Repair and Water funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Street Construction, Maintenance and Repair and Water fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Export for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).

9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10(I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

### **Compliance – Contracts & Expenditures**

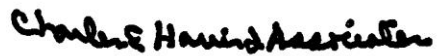
We inquired of management and inspected the Payment Export for the years ended December 31, 2018 and 2017 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. The Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and the Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. Ohio Rev. Code § 109.60(A)(1) requires Law Enforcement of Villages to report specific information to the Bureau of Criminal Identification and Investigation (BCI) for certain offenses. Village Law Enforcement shall immediately upon arrest of any person (or taking into custody for any child under 18) take and forward the person's or child's fingerprints. We inquired of the Police Chief to determine if there is an established method of fingerprint submission to BCI. The Village does not have an established method for fingerprint submission to BCI however, the Village contracts with the Stark County Sheriff's Department to submit fingerprints to BCI. We recommend that the Village create a written policy and implement procedures to monitor the Stark County Sheriff's Department's compliance for fingerprint submission to BCI for all arrests made by the Village.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
June 3, 2019

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF EAST CANTON**

**STARK 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 1, 2019**