



**Mary Taylor, CPA**  
Auditor of State



**CANTON TOWNSHIP  
STARK COUNTY**

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# Mary Taylor, CPA

Auditor of State

## ACCOUNTANTS' REPORT

Canton Township  
Stark County  
4711 Central Ave. S.E.  
Canton, Ohio 44707

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of Canton Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006 following Ohio Admin. Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

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 Section 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 "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

February 12, 2010

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**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2007 and 2006*  
*Unaudited*

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The discussion and analysis of Canton Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis of accounting. Readers are encouraged to also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- ❖ The Township's net assets at December 31, 2007 were \$1,128,212.
- ❖ The Township's total net assets increased by \$338,110 or 42.79 percent mainly as a result of decreased expenditures and increased property tax revenues in 2007.
- ❖ The Township's general receipts are primarily property taxes and grants and entitlements. General receipts represent 85.95 percent of the total cash received for governmental activities during 2007. Program specific receipts in the form of charges for services and sales and operating grants and contributions represent the remaining 14.05 percent of total cash received.

Key financial highlights for 2006 are as follows:

- ❖ The Township's net assets at December 31, 2006 were \$790,102.
- ❖ The Township's total net assets decreased by \$91,203 or 10.35 percent mainly as a result of decreased grant receipts in 2006.
- ❖ The Township's general receipts are primarily property taxes and grants and entitlements. General receipts represent 80.15 percent of the total cash received for governmental activities during 2006. Program specific receipts in the form of charges for services and operating assessments and operating grants and contributions represent the remaining 19.85 percent of total cash received.

### **Using this Annual Financial Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standard's Board Statement No. 34, as applicable to the Township's cash basis of accounting.

#### *Report Components*

The Statement of Net Assets and Statement of Activities provide information about the cash activities of the Township as a whole.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
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Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

*Basis of Accounting*

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information, within the limitations of the cash basis of accounting, about the Township as a whole and about its activities in a way that helps answer this question. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.



**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
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*Reporting on the Most Significant Funds of Canton Township*

Fund financial statements provide detailed information about the Township's major governmental funds – not the Township as a whole. The Township establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township's significant governmental funds are presented on the financial statements in separate columns. The Township's major governmental funds in 2007 are as follows: general fund, road and bridge fund, fire levy fund and permissive motor vehicle license tax fund. The Township's major governmental funds in 2006 are as follows: general fund, gasoline tax fund, road and bridge fund, fire district fund, FEMA grant fund, fire levy fund and permissive motor vehicle license tax fund. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 and 2006 on a cash basis:

**Table 1**  
**Net Assets**

	Governmental Activities		
	2007	2006	Change
<b>Assets</b>			
Cash and Cash Equivalents	\$1,128,212	\$790,102	\$338,110
<b>Net Assets</b>			
Restricted:			
Fire Protection	\$371,955	\$320,854	\$51,101
Roads and Bridges	452,123	411,948	40,175
Other Purposes	164,691	76,871	87,820
Unrestricted (Deficit)	139,443	(19,571)	159,014
Total Net Assets	\$1,128,212	\$790,102	\$338,110

Total net assets were \$1,128,212 at December 31, 2007. Over time, net assets can serve as a useful indicator of a government's financial position.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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Table 1a provides a summary of the Township's net assets for 2006 and 2005 on a cash basis:

**Table 1a**  
**Net Assets**

	Governmental Activities		
	2006	2005	Change
<b>Assets</b>			
Cash and Cash Equivalents	\$790,102	\$881,332	(\$91,230)
<b>Net Assets</b>			
Restricted:			
Fire Protection	\$320,854	\$340,110	(\$19,256)
Roads and Bridges	411,948	199,192	212,756
Other Purposes	76,871	327,468	(250,597)
Unrestricted (Deficit)	(19,571)	14,562	(34,133)
<b>Total Net Assets</b>	<b>\$790,102</b>	<b>\$881,332</b>	<b>(\$91,230)</b>

Total net assets were \$790,102 at December 31, 2006. Over time, net assets can serve as a useful indicator of a government's financial position.

The Township continues to stress the importance of increasing its unrestricted net asset total each year.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 reflects the changes in net assets for fiscal year 2007 as compared to 2006 and corresponds to the Statement of Activities.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		
	2007	2006	Change
<b>Receipts:</b>			
<b>Program Receipts</b>			
Charges for Services and Operating Assessments	\$295,598	\$178,231	\$117,367
Operating Grants and Contributions	255,159	561,917	(306,758)
<i>Total Program Receipts</i>	<u>550,757</u>	<u>740,148</u>	<u>(189,391)</u>
<b>General Receipts</b>			
Property Taxes	2,805,770	2,655,118	150,652
Grant and Entitlements, Not Restricted to Specific Programs	351,298	243,550	107,748
Interest	42,115	19,397	22,718
Miscellaneous	9,380	69,885	(60,505)
<i>Total General Receipts</i>	<u>3,208,563</u>	<u>2,987,950</u>	<u>220,613</u>
<i>Total Receipts</i>	<u>3,759,320</u>	<u>3,728,098</u>	<u>31,222</u>
<b>Disbursements:</b>			
General Government	600,514	373,521	(226,993)
Public Safety	1,730,091	1,638,676	(91,415)
Public Works	1,025,801	1,182,562	156,761
Health	0	70,613	70,613
Capital Outlay	0	404,562	404,562
Debt Service:			0
Principal Retirement	63,200	141,046	77,846
Interest and Fiscal Charges	1,604	8,348	6,744
<i>Total Disbursements</i>	<u>3,421,210</u>	<u>3,819,328</u>	<u>398,118</u>
<i>Increase (Decrease) in Net Assets</i>	338,110	(91,230)	429,340
<i>Net Assets Beginning of Year</i>	<u>790,102</u>	<u>881,332</u>	<u>(91,230)</u>
<i>Net Assets End of Year</i>	<u>\$1,128,212</u>	<u>\$790,102</u>	<u>338,110</u>

Program receipts represent only 14.65 percent of total receipts and are primarily comprised of operating grants.

General receipts represent 85.35 percent of the Township's total receipts, and of this amount, 87.45 percent are local taxes. The remaining 12.55 percent are made up of state and federal grants and entitlements, interest, and miscellaneous receipts.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
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Table 2a reflects the changes in net assets for fiscal year 2006 as compared to 2005 and corresponds to the Statement of Activities.

**Table 2a**  
**Changes in Net Assets**

	Governmental Activities		
	2006	2005	Change
<b>Receipts:</b>			
Program Receipts			
Charges for Services and Operating Assessments	\$178,231	\$186,547	(\$8,316)
Operating Grants and Contributions	561,917	680,046	(118,129)
<i>Total Program Receipts</i>	<u>740,148</u>	<u>866,593</u>	<u>(126,445)</u>
General Receipts			
Property Taxes	2,655,118	2,580,710	74,408
Grant and Entitlements, Not Restricted to Specific Programs	243,550	345,424	(101,874)
Interest	19,397	7,859	11,538
Miscellaneous	69,885	135,555	(65,670)
<i>Total General Receipts</i>	<u>2,987,950</u>	<u>3,069,548</u>	<u>(81,598)</u>
<i>Total Receipts</i>	<u>3,728,098</u>	<u>3,936,141</u>	<u>(208,043)</u>
<b>Disbursements:</b>			
General Government	373,521	304,010	(69,511)
Public Safety	1,638,676	1,573,854	(64,822)
Public Works	1,182,562	1,245,951	63,389
Health	70,613	70,947	334
Capital Outlay	404,562	470,441	65,879
Debt Service:			0
Principal Retirement	141,046	123,672	(17,374)
Interest and Fiscal Charges	8,348	14,468	6,120
<i>Total Disbursements</i>	<u>3,819,328</u>	<u>3,803,343</u>	<u>(15,985)</u>
<i>Increase (Decrease) in Net Assets</i>	(91,230)	132,798	(224,028)
<i>Net Assets Beginning of Year</i>	<u>881,332</u>	<u>748,534</u>	<u>132,798</u>
<i>Net Assets End of Year</i>	<u>\$790,102</u>	<u>\$881,332</u>	<u>(91,230)</u>

Program receipts represent only 19.85 percent of total receipts and are primarily comprised of operating grants.

General receipts represent 80.15 percent of the Township's total receipts, and of this amount, 88.86 percent are local taxes. The remaining 11.14 percent are made up of state and federal grants and entitlements, interest, and miscellaneous receipts.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2007 and 2006*  
*Unaudited*

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Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These costs do not represent direct services to residents.

**Governmental Activities**

If you look at the Statement of Activities on pages 14 and 22 for 2007 and 2006, respectively, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, which account for 50.57 percent for 2007 and 42.90 percent for 2006 of all governmental disbursements, respectively. Public works also represents a significant cost, about 29.98 percent for 2007 and 30.96 percent for 2006. The next columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from general receipts which are presented at the bottom of the Statements. A comparison between the total cost of services and the net cost is presented in Table 3 for 2007 and Table 3a for 2006.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
General Government	\$600,514	\$373,521	(\$574,860)	(\$352,893)
Public Safety	1,730,091	1,638,676	(1,576,598)	(1,552,505)
Public Works	1,025,801	1,182,562	(654,191)	(549,213)
Health	0	70,613	0	(70,613)
Capital Outlay	0	404,562	0	(404,562)
Debt Service:				
Principal Retirement	63,200	141,046	(63,200)	(141,046)
Interest and Fiscal Charges	1,604	8,348	(1,604)	(8,348)
<b>Total Expenses</b>	<b>\$3,421,210</b>	<b>\$3,819,328</b>	<b>(\$2,870,453)</b>	<b>(\$3,079,180)</b>

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2007 and 2006*  
*Unaudited*

**Table 3a**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
General Government	\$373,521	\$304,010	(\$352,893)	(\$284,189)
Public Safety	1,638,676	1,573,854	(1,552,505)	(1,464,896)
Public Works	1,182,562	1,245,951	(549,213)	(508,137)
Health	70,613	70,947	(70,613)	(70,947)
Capital Outlay	404,562	470,441	(404,562)	(470,441)
Debt Service:				
Principal Retirement	141,046	123,672	(141,046)	(123,672)
Interest and Fiscal Charges	8,348	14,468	(8,348)	(14,468)
<b>Total Expenses</b>	<b>\$3,819,328</b>	<b>\$3,803,343</b>	<b>(\$3,079,180)</b>	<b>(\$2,936,750)</b>

The dependence upon general receipts is apparent as 84 percent of governmental activities in 2007 and 81 percent of governmental activities in 2006 are supported through these general receipts.

**The Township's Funds**

Total governmental funds in 2007 had receipts of \$3,759,320 and disbursements of \$3,421,210. The greatest change within the governmental funds occurred within the general fund.

Total governmental funds in 2006 had receipts of \$3,728,098 and disbursements of \$3,819,328. The greatest change within the governmental funds occurred within the FEMA Grant Fund.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

For 2007 the general fund, original budgeted revenues were \$516,204; final budget amounts were \$573,322; and actual revenue collections were \$612,130. The majority of the increase in actual revenue as compared to the final budgeted amount is due to intergovernmental revenue. For the general fund, original appropriations were \$550,000; final appropriations were \$600,000; and actual expenditures were \$543,126. Actual expenditures were \$56,874 less than the final appropriations.

For 2006 the general fund, original budgeted revenues were \$435,019; final budget amounts were \$501,014; and actual revenue collections were \$506,901. The majority of the increase in actual revenue as compared to the final budgeted amount is due to intergovernmental revenue. For the general fund, original and final appropriations were \$534,000; and actual expenditures were \$575,212. Actual expenditures were \$41,212 more than the final appropriations.

**Canton Township, Ohio**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2007 and 2006*  
*Unaudited*

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**Debt Administration**

At December 31, 2007, the Township had an outstanding balance of \$11,007 for a backhoe loan. This debt is not reflected on the financial statements. See Note 11 in the financial statements for more information of the Township's outstanding debt.

At December 31, 2006, the Township had an outstanding balance of \$41,792 for an ambulance loan and an outstanding balance of \$32,415 for a backhoe loan. This debt is not reflected on the financial statements.

**Current Financial Related Activities**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes.

**Contacting the Township's Financial Management**

This financial report is designed to provide a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Canton Township Fiscal Officer, 4711 Central Avenue SE, Canton, Ohio 44707, or email at [ronsmithclerk@yahoo.com](mailto:ronsmithclerk@yahoo.com).

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**Canton Township, Ohio**  
**Stark County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,128,212</u>
<b>Net Assets</b>	
Restricted for:	
Fire Protection	\$371,955
Roads and Bridges	452,123
Other Purposes	164,691
Unrestricted	<u>139,443</u>
<i>Total Net Assets</i>	<u>\$1,128,212</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
General Government	\$600,514	\$25,654		(\$574,860)
Public Safety	1,730,091	153,493		(1,576,598)
Public Works	1,025,801	116,451	\$255,159	(654,191)
Debt Service:				
Principal Retirement	63,200			(63,200)
Interest and Fiscal Charges	1,604			(1,604)
<b>Total</b>	<b>\$3,421,210</b>	<b>\$295,598</b>	<b>\$255,159</b>	<b>(2,870,453)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				222,722
Other Purposes				2,583,048
Grants and Entitlements not Restricted to Specific Programs				351,298
Interest				42,115
Miscellaneous				9,380
<i>Total General Receipts</i>				<u>3,208,563</u>
Change in Net Assets				338,110
<i>Net Assets Beginning of Year</i>				<u>790,102</u>
<i>Net Assets End of Year</i>				<u><u>\$1,128,212</u></u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$139,433</u>	<u>\$225,763</u>	<u>\$273,312</u>	<u>\$164,038</u>	<u>\$325,666</u>	<u>\$1,128,212</u>
<b>Fund Balance</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$139,433					\$139,433
Special Revenue Funds		<u>\$225,763</u>	<u>\$273,312</u>	<u>\$164,038</u>	<u>\$325,666</u>	<u>988,779</u>
<i>Total Fund Balance</i>	<u>\$139,433</u>	<u>\$225,763</u>	<u>\$273,312</u>	<u>\$164,038</u>	<u>\$325,666</u>	<u>\$1,128,212</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Road and Bridge	Fire Levy	Permissive Motor Vehicle License Tax	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property Taxes	\$222,722	\$725,093	\$1,466,810	\$77,694	\$313,451	\$2,805,770
Charges for Services			24,041		245,948	269,989
Licenses, Permits and Fees					25,609	25,609
Intergovernmental	351,298	14,338			240,821	606,457
Interest	38,110			926	3,079	42,115
Other					9,380	9,380
<i>Total Receipts</i>	<u>612,130</u>	<u>739,431</u>	<u>1,490,851</u>	<u>78,620</u>	<u>838,288</u>	<u>3,759,320</u>
<b>Disbursements</b>						
Current:						
General Government	543,126				57,388	600,514
Public Safety			1,435,734		294,357	1,730,091
Public Works		684,650		47,494	293,657	1,025,801
Debt Service:						
Principal Retirement			20,896	21,408	20,896	63,200
Interest and Fiscal Charges			252	1,101	251	1,604
<i>Total Disbursements</i>	<u>543,126</u>	<u>684,650</u>	<u>1,456,882</u>	<u>70,003</u>	<u>666,549</u>	<u>3,421,210</u>
<i>Excess of Receipts Over Disbursements</i>	<u>69,004</u>	<u>54,781</u>	<u>33,969</u>	<u>8,617</u>	<u>171,739</u>	<u>338,110</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In				5,934	17,103	23,037
Transfers Out				(1,119)	(21,918)	(23,037)
Advances In	90,000					90,000
Advances Out			(10,000)		(80,000)	(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>90,000</u>	<u>0</u>	<u>(10,000)</u>	<u>4,815</u>	<u>(84,815)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	159,004	54,781	23,969	13,432	86,924	338,110
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(19,571)</u>	<u>170,982</u>	<u>249,343</u>	<u>150,606</u>	<u>238,742</u>	<u>790,102</u>
<i>Fund Balance End of Year</i>	<u>\$139,433</u>	<u>\$225,763</u>	<u>\$273,312</u>	<u>\$164,038</u>	<u>\$325,666</u>	<u>\$1,128,212</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$217,303	\$241,348	\$222,722	(\$18,626)
Intergovernmental	261,718	290,677	351,298	60,621
Interest	37,183	41,297	38,110	(3,187)
<i>Total Receipts</i>	516,204	573,322	612,130	38,808
<b>Disbursements</b>				
Current:				
General Government	550,000	600,000	543,126	56,874
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,796)	(26,678)	69,004	95,682
<b>Other Financing Sources</b>				
Advances In		90,000	90,000	0
<i>Net Change in Fund Balance</i>	(33,796)	63,322	159,004	95,682
<i>Fund Deficit Beginning of Year</i>	(19,571)	(19,571)	(19,571)	0
<i>Fund Balance (Deficit) End of Year</i>	(\$53,367)	\$43,751	\$139,433	\$95,682

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$679,304	\$679,304	\$725,093	\$45,789
Intergovernmental	11,174	11,174	14,338	3,164
<i>Total Receipts</i>	690,478	690,478	739,431	48,953
<b>Disbursements</b>				
Current:				
Public Works	770,000	772,259	684,650	87,609
<i>Net Change in Fund Balance</i>	(79,522)	(81,781)	54,781	136,562
<i>Fund Balance Beginning of Year</i>	170,982	170,982	170,982	0
<i>Fund Balance End of Year</i>	<u>\$91,460</u>	<u>\$89,201</u>	<u>\$225,763</u>	<u>\$136,562</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,451,579	\$1,450,969	\$1,466,810	\$15,841
Charges for Services	23,791	23,781	24,041	260
<i>Total Receipts</i>	<u>1,475,370</u>	<u>1,474,750</u>	<u>1,490,851</u>	<u>16,101</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,508,852	1,488,852	1,435,734	53,118
Debt Service:				
Principal Retirement	20,896	20,896	20,896	0
Interest and Fiscal Charges	252	252	252	0
<i>Total Disbursements</i>	<u>1,530,000</u>	<u>1,510,000</u>	<u>1,456,882</u>	<u>53,118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(54,630)	(35,250)	33,969	69,219
<b>Other Financing Uses</b>				
Advances Out		(10,000)	(10,000)	0
<i>Net Change in Fund Balance</i>	(54,630)	(45,250)	23,969	69,219
<i>Fund Balance Beginning of Year</i>	<u>249,343</u>	<u>249,343</u>	<u>249,343</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$194,713</u>	<u>\$204,093</u>	<u>\$273,312</u>	<u>\$69,219</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Permissive Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$86,136	\$73,936	\$77,694	\$3,758
Interest	1,109	952	926	(26)
<i>Total Receipts</i>	<u>87,245</u>	<u>74,888</u>	<u>78,620</u>	<u>3,732</u>
<b>Disbursements</b>				
Current:				
Public Works	87,491	79,950	47,494	32,456
Debt Service:				
Principal Retirement	21,408	21,408	21,408	0
Interest and Fiscal Charges	1,101	1,101	1,101	0
<i>Total Disbursements</i>	<u>110,000</u>	<u>102,459</u>	<u>70,003</u>	<u>32,456</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,755)</u>	<u>(27,571)</u>	<u>8,617</u>	<u>36,188</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		5,934	5,934	0
Transfers Out		(1,119)	(1,119)	0
<i>Total Other Financing Sources (Uses)</i>		<u>4,815</u>	<u>4,815</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(22,755)	(22,756)	13,432	36,188
<i>Fund Balance Beginning of Year</i>	<u>150,606</u>	<u>150,606</u>	<u>150,606</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$127,851</u>	<u>\$127,850</u>	<u>\$164,038</u>	<u>\$36,188</u>

See accompanying notes to the basic financial statements



**Canton Township, Ohio**  
**Stark County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$790,102</u>
<b>Net Assets</b>	
Restricted for:	
Fire Protection	\$320,854
Roads and Bridges	411,948
Other Purposes	76,871
Unrestricted (Deficit)	<u>(19,571)</u>
<i>Total Net Assets</i>	<u>\$790,102</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charge for Services and Operating Assessments	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
General Government	\$373,521	\$20,628		(\$352,893)
Public Safety	1,638,676	86,171		(1,552,505)
Public Works	1,182,562	71,432	\$561,917	(549,213)
Health	70,613			(70,613)
Capital Outlay	404,562			(404,562)
Debt Service:				
Principal Retirement	141,046			(141,046)
Interest and Fiscal Charges	8,348			(8,348)
<b>Total</b>	<b>\$3,819,328</b>	<b>\$178,231</b>	<b>\$561,917</b>	<b>(3,079,180)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				222,491
Other Purposes				2,432,627
Grants and Entitlements not Restricted to Specific Programs				243,550
Interest				19,397
Miscellaneous				69,885
<i>Total General Receipts</i>				<u>2,987,950</u>
Change in Net Assets				(91,230)
<i>Net Assets Beginning of Year</i>				<u>881,332</u>
<i>Net Assets End of Year</i>				<u>\$790,102</u>

See accompanying notes to the basic financial statements

Canton Township, Ohio  
**Stark County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Fire District	FEMA Grant	Fire Levy	Permissive Motor Vehicle License Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>									
Equity in Pooled Cash and Cash Equivalents		\$109,533	\$170,982	\$71,511	\$7,167	\$249,343	\$131,035	\$50,531	\$790,102
Interfund Receivable							19,571	0	19,571
<i>Total Assets</i>		<u>\$109,533</u>	<u>\$170,982</u>	<u>\$71,511</u>	<u>\$7,167</u>	<u>\$249,343</u>	<u>\$150,606</u>	<u>\$50,531</u>	<u>\$809,673</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Interfund Payable	\$19,571								\$19,571
<b>Fund Balance</b>									
Unreserved:									
Undesignated (Deficit), Reported in:									
General Fund	(19,571)								(19,571)
Special Revenue Funds		\$109,533	\$170,982	\$71,511	\$7,167	\$249,343	\$150,606	\$50,531	809,673
<i>Total Fund Balance</i>	<u>(19,571)</u>	<u>109,533</u>	<u>170,982</u>	<u>71,511</u>	<u>7,167</u>	<u>249,343</u>	<u>150,606</u>	<u>50,531</u>	<u>790,102</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$0</u>	<u>\$109,533</u>	<u>\$170,982</u>	<u>\$71,511</u>	<u>\$7,167</u>	<u>\$249,343</u>	<u>\$150,606</u>	<u>\$50,531</u>	<u>\$809,673</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	FEMA Grant	Fire Levy	Permissive Motor Vehicle License Tax	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>									
Property Taxes	\$222,491		\$682,533	\$310,169		\$1,439,925			\$2,655,118
Charges for Services								\$86,171	86,171
Licenses, Permits and Fees								20,628	20,628
Intergovernmental	243,550	\$174,741			\$261,641		\$86,756	38,779	805,467
Special Assessments								71,432	71,432
Interest	17,452	1,481					269	195	19,397
Other	23,408		7,945	1,373		36,939	220		69,885
<i>Total Receipts</i>	<u>506,901</u>	<u>176,222</u>	<u>690,478</u>	<u>311,542</u>	<u>261,641</u>	<u>1,476,864</u>	<u>87,245</u>	<u>217,205</u>	<u>3,728,098</u>
<b>Disbursements</b>									
Current:									
General Government	354,046							19,475	373,521
Public Safety	42,601			279,325		1,212,772		103,978	1,638,676
Public Works	106,952	61,660	510,941		411,817			91,192	1,182,562
Health	70,613								70,613
Capital Outlay	1,000	11,558	70,762	112,933		139,189	57,431	11,689	404,562
Debt Service:									
Principal Retirement						60,339	20,369	60,338	141,046
Interest and Fiscal Charges						3,104	2,140	3,104	8,348
<i>Total Disbursements</i>	<u>575,212</u>	<u>73,218</u>	<u>581,703</u>	<u>392,258</u>	<u>411,817</u>	<u>1,415,404</u>	<u>79,940</u>	<u>289,776</u>	<u>3,819,328</u>
<i>Net Change in Fund Balance</i>	<u>(68,311)</u>	<u>103,004</u>	<u>108,775</u>	<u>(80,716)</u>	<u>(150,176)</u>	<u>61,460</u>	<u>7,305</u>	<u>(72,571)</u>	<u>(91,230)</u>
<i>Fund Balance Beginning of Year</i>	<u>48,740</u>	<u>6,529</u>	<u>62,207</u>	<u>152,227</u>	<u>157,343</u>	<u>187,883</u>	<u>143,301</u>	<u>123,102</u>	<u>881,332</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$19,571)</u>	<u>\$109,533</u>	<u>\$170,982</u>	<u>\$71,511</u>	<u>\$7,167</u>	<u>\$249,343</u>	<u>\$150,606</u>	<u>\$50,531</u>	<u>\$790,102</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$190,940	\$219,907	\$222,491	\$2,584
Intergovernmental	209,013	240,721	243,550	2,829
Interest	14,977	17,249	17,452	203
Other	20,089	23,136	23,408	272
<i>Total Receipts</i>	435,019	501,014	506,901	5,887
<b>Disbursements</b>				
Current:				
General Government	324,508	328,680	354,046	(25,366)
Public Safety	40,352	39,549	42,601	(3,052)
Public Works	101,307	99,289	106,952	(7,663)
Health	66,886	65,554	70,613	(5,059)
Capital Outlay	947	928	1,000	(72)
<i>Total Disbursements</i>	534,000	534,000	575,212	(41,212)
<i>Net Change in Fund Balance</i>	(98,981)	(32,986)	(68,311)	35,325
<i>Fund Balance Beginning of Year</i>	48,740	48,740	48,740	0
<i>Fund Balance (Deficit) End of Year</i>	(\$50,241)	\$15,754	(\$19,571)	\$35,325

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$127,760	\$127,760	\$174,741	\$46,981
Interest	1,400	1,400	1,481	81
<i>Total Receipts</i>	129,160	129,160	176,222	47,062
<b>Disbursements</b>				
Current:				
Public Works	118,000	118,000	61,660	56,340
Capital Outlay	12,000	12,000	11,558	442
<i>Total Disbursements</i>	130,000	130,000	73,218	56,782
<i>Net Change in Fund Balance</i>	(840)	(840)	103,004	103,844
<i>Fund Balance Beginning of Year</i>	6,529	6,529	6,529	0
<i>Fund Balance End of Year</i>	\$5,689	\$5,689	\$109,533	\$103,844

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$688,314	\$1,145,239	\$682,533	(\$462,706)
Other	8,012	13,331	7,945	(5,386)
<i>Total Receipts</i>	<u>696,326</u>	<u>1,158,570</u>	<u>690,478</u>	<u>(468,092)</u>
<b>Disbursements</b>				
Current:				
Public Works	591,132	591,132	510,941	80,191
Capital Outlay	81,868	81,868	70,762	11,106
<i>Total Disbursements</i>	<u>673,000</u>	<u>673,000</u>	<u>581,703</u>	<u>91,297</u>
<i>Net Change in Fund Balance</i>	23,326	485,570	108,775	(376,795)
<i>Fund Balance Beginning of Year</i>	<u>62,207</u>	<u>62,207</u>	<u>62,207</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$85,533</u></u>	<u><u>\$547,777</u></u>	<u><u>\$170,982</u></u>	<u><u>(\$376,795)</u></u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$283,201	\$283,105	\$310,169	\$27,064
Other	1,157	1,253	1,373	120
<i>Total Receipts</i>	<u>284,358</u>	<u>284,358</u>	<u>311,542</u>	<u>27,184</u>
<b>Disbursements</b>				
Current:				
Public Safety	291,247	291,247	279,325	11,922
Capital Outlay	117,753	117,753	112,933	4,820
<i>Total Disbursements</i>	<u>409,000</u>	<u>409,000</u>	<u>392,258</u>	<u>16,742</u>
<i>Net Change in Fund Balance</i>	(124,642)	(124,642)	(80,716)	43,926
<i>Fund Balance Beginning of Year</i>	<u>152,227</u>	<u>152,227</u>	<u>152,227</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$27,585</u>	<u>\$27,585</u>	<u>\$71,511</u>	<u>\$43,926</u>

See accompanying notes to the basic financial statements



**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*FEMA Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$365,733	\$365,733	\$261,641	(\$104,092)
<b>Disbursements</b>				
Current:				
Public Works	<u>523,076</u>	<u>523,076</u>	<u>411,817</u>	<u>111,259</u>
<i>Net Change in Fund Balance</i>	(157,343)	(157,343)	(150,176)	7,167
<i>Fund Balance Beginning of Year</i>	<u>157,343</u>	<u>157,343</u>	<u>157,343</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$7,167</u></u>	<u><u>\$7,167</u></u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$1,393,377	\$1,392,875	\$1,439,925	\$47,050
Other	35,230	35,732	36,939	1,207
<i>Total Receipts</i>	<u>1,428,607</u>	<u>1,428,607</u>	<u>1,476,864</u>	<u>48,257</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,228,638	1,228,638	1,212,772	15,866
Capital Outlay	140,919	140,919	139,189	1,730
Debt Service:				
Principal Retirement	60,339	60,339	60,339	0
Interest and Fiscal Charges	3,104	3,104	3,104	0
<i>Total Disbursements</i>	<u>1,433,000</u>	<u>1,433,000</u>	<u>1,415,404</u>	<u>17,596</u>
<i>Net Change in Fund Balance</i>	(4,393)	(4,393)	61,460	(65,853)
<i>Fund Balance Beginning of Year</i>	<u>187,883</u>	<u>187,883</u>	<u>187,883</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$183,490</u>	<u>\$183,490</u>	<u>\$249,343</u>	<u>(\$65,853)</u>

See accompanying notes to the basic financial statements

**Canton Township, Ohio**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Permissive Motor Vehicle License Tax Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$82,856	\$82,856	\$86,756	\$3,900
Interest	257	257	269	12
Other	210	210	220	10
<i>Total Receipts</i>	<u>83,323</u>	<u>83,323</u>	<u>87,245</u>	<u>3,922</u>
<b>Disbursements</b>				
Capital Outlay	77,491	77,491	57,431	20,060
Debt Service:				
Principal Retirement	20,369	20,369	20,369	0
Interest and Fiscal Charges	2,140	2,140	2,140	0
<i>Total Disbursements</i>	<u>100,000</u>	<u>100,000</u>	<u>79,940</u>	<u>20,060</u>
<i>Net Change in Fund Balance</i>	(16,677)	(16,677)	7,305	20,060
<i>Fund Balance Beginning of Year</i>	<u>143,301</u>	<u>143,301</u>	<u>143,301</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$126,624</u>	<u>\$126,624</u>	<u>\$150,606</u>	<u>\$20,060</u>

See accompanying notes to the basic financial statements

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## **Canton Township, Ohio**

### *Notes to the Basic Financial Statements For the Years Ended December 31, 2007 and 2006*

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#### **Note 1 – Reporting Entity**

Canton Township, Stark County, Ohio (the Township), is a body politic and corporate established in 1805 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

##### **A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and fire protection. Police protection is provided by Stark County.

##### **B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

##### **C. Jointly Governed Organizations**

The Township participates in two jointly governed organizations. Note 13 to the financial statements provides additional information for these entities. These organizations are the Stark Council of Governments and the Stark County Regional Planning Commission.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

#### **Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

## Canton Township, Ohio

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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### **Note 2 – Summary of Significant Accounting Policies – (Continued)**

#### **A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

#### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the Township that are considered governmental and those that are considered business-type activities. The Township, however, has no business-type activities.

The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

#### **Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

#### **B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

#### **Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

**General Fund** The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

## Canton Township, Ohio

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)

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### Note 2 – Summary of Significant Accounting Policies – (Continued)

#### **Governmental Funds (Continued)**

**Gasoline Tax Fund** (2006 only) The gasoline tax special revenue fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**Road and Bridge Fund** The road and bridge special revenue fund accounts for monies received to pay for the expenditures related to the construction and repairs of the Township's road and bridges.

**Fire District Fund** (2006 only) The fire district special revenue fund accounts for monies received from property tax levies to operate the fire department.

**FEMA Grant Fund** (2006 only) The FEMA grant special revenue fund account for monies received from FEMA and expended for disaster mitigation.

**Fire Levy Fund** The fire levy special revenue fund accounts for monies received from property tax levies to purchase and maintain fire department equipment.

**Permissive Motor Vehicle License Fund** The permissive motor vehicle license special revenue fund accounts for monies received from permissive motor vehicle taxes for the maintenance and repair of Township roads and bridges.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

#### **C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

#### **D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***D. Budgetary Process (Continued)***

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended Certificate of Estimated Resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

***E. Cash and Investments***

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”. The Township had no investments during the year or at year end.

Under existing Ohio statutes, the Township has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during 2007 and 2006 amounted to \$38,110, and \$17,452, respectively, of which \$33,404 is assigned from other Township funds for 2007 and all of which is assigned from other Township funds in 2006.

***F. Inventory and Prepaid Items***

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***G. Capital Assets***

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

***H. Interfund Receivables/Payables***

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying 2007 financial statements.

The 2006 fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balances are eliminated in the Statement of Net Assets.

***I. Accumulated Leave***

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



**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***J. Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

***K. Long-Term Obligations***

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

***L. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$988,769 and \$809,673 of restricted net assets for 2007 and 2006, respectively, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for emergency medical services, street maintenance and repair, and recreation. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

***M. Interfund Transactions***

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Accountability and Compliance**

**A. Accountability**

Contrary to Ohio Rev. Code Section 5705.10, for year ended December 31, 2007, the motor vehicle license tax fund had a deficit fund balances of \$13,344.

Contrary to Ohio Rev. Code Section 5705.10, for year ended December 31, 2006, the general fund and the motor vehicle license tax fund had deficit fund balances of \$19,571 and \$19,173, respectively.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

**Note 3 – Accountability and Compliance – (Continued)**

**B. Compliance - 2007**

Contrary to Ohio Rev. Code Section 5705.39, the general fund had original appropriations of \$550,000 exceeding total estimated resources of \$496,663, leaving an excess of (\$53,367) at December 31, 2007.

Contrary to Ohio Rev. Code Section 5705.39, the motor vehicle license tax fund had final appropriations exceeding total estimated resources by \$20,199 at December 31, 2007.

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<b>Special Revenue Funds</b>			
Fire District	\$290,984	\$311,690	(\$20,706)
FEMA Grant	46,166	46,280	(114)

**C. Compliance - 2006**

Contrary to Ohio Rev. Code Section 5705.39, the general fund had original appropriations exceeding total estimated resources by \$50,241 on December 31, 2006.

Contrary to Ohio Rev. Code Section 5705.39, the motor vehicle license tax fund had final appropriations exceeding total estimated resources by \$21,531 at December 31, 2006.

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<b>Major Fund</b>			
General Fund	\$534,000	\$575,212	(\$41,212)
<b>Special Revenue Fund</b>			
Lighting Assessment	60,000	63,306	(3,306)

Although these budgetary violations and cash deficits were not corrected by year end, management has indicated that appropriations and cash will be closely monitored to prevent future violations.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 4 – Change in Accounting Principles**

**A. Change in Accounting Principles**

For 2007, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F postemployment healthcare plans in the amount of \$41,462 and \$121,040, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the Township's financial statements.

**Note 5 – Deposits**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

## Canton Township, Ohio

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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### **Note 5 – Deposits (Continued)**

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. For 2007 and 2006, \$1,034,758 and \$725,101 of the Township's bank balances of \$1,134,758 and \$825,101, respectively were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as a security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

2007 and 2006 real property taxes are levied after October 1, 2007 and 2006 on the assessed values as of January 1, 2007 and 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 and 2006 real property taxes are collected in and intended to finance 2008 and 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 and 2006 public utility property taxes which became a lien on December 31, 2006 and 2005, are levied after October 1, 2007 and 2006, and are collected in 2008 and 2007 with real property taxes.

2007 and 2006 tangible property taxes are levied after October 1, 2006 and 2005, on the value as of December 31, 2006 and 2007. Collections are made in 2007 and 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 was 18.75 percent and in 2007 was reduced to 12.5 percent. This will be reduced to 6.25 percent for 2008, and will be zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 and 2006, was \$8.10 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	Assessed Value 2007	Assessed Value 2006
Real Property:		
Real Property	\$192,473,150	\$173,142,280
Other	61,747,640	53,449,770
Tangible Personal Property:		
Public Utility Property	23,689,813	24,362,390
General Business	21,520,294	40,683,772
Total Assessed Values	<u>\$299,430,897</u>	<u>\$291,638,212</u>

The County Auditor collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

**Note 7 – Interfund Transactions**

**A. Advances**

During 2007, the general fund received a \$10,000 advance from the fire levy fund and an \$80,000 advance from the fire district fund. The advances were repayments of original advances from these funds in prior years.

**B. Interfund Transfers**

Transfers made during the year ended December 31, 2007, were as follows:

<u>Transfers To</u>	<u>Transfers From</u>			<u>Total</u>
	Permissive Motor Vehicle License Tax	Motor Vehicle License Tax	FEMA Grant	
<b>Major Fund</b>				
Permissive Motor Vehicle License Tax		\$5,934		\$5,934
<b>Special Revenue Funds</b>				
Motor Vehicle License Tax	\$1,119			1,119
Fire District			\$15,984	15,984
<i>Total Governmental Funds</i>	<u>\$1,119</u>	<u>\$5,934</u>	<u>\$15,984</u>	<u>\$23,037</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to move unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

At December 31, 2006 the interfund balance between the permissive motor vehicle license tax fund and the general fund was \$19,571 and was due to a deficit cash balance in the general fund.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 8 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007 and 2006, the Township contracted with The Ohio Government Risk Plan through Whitaker-Myers Insurance Agency for various types of insurance coverage as follows:

<b>Type of Coverage</b>	<b>Amount of Coverage</b>
<b>Property Coverage</b>	
Blanket Building and Personal Property	\$6,227,326
Boiler and Machinery	6,227,326
<b>Inland Marine Coverage</b>	
Special Property	605,785
Electronic Equipment/Media	25,000
<b>Liability Coverage</b>	
Governmental General	4,000,000
Employer's	2,000,000
Employee Benefits	3,000,000
Public Officials	4,000,000
<b>Crime Coverage</b>	
Theft	10,000
Public Employee Dishonesty	50,000
Forgery or Alteration	5,000
Computer Fraud	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

**Note 9 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

## Canton Township, Ohio

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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### **Note 9 – Defined Benefit Pension Plan (Continued)**

#### **A. Ohio Public Employees Retirement System (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800)-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007 and 2006, members in state and local classifications contributed 9.5 percent and 9 percent, respectively of covered payroll, public safety members contributed 9.75 percent and 9 percent, respectively, and law enforcement members contributed 10.1 percent for both years.

The Township's contribution rate for 2007 and 2006 was 13.85 percent and 13.7 percent, respectively, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.17 percent and 16.93 percent, respectively of covered payroll. For the period January 1 through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 to December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$42,198, \$42,611, and \$45,802, respectively; 100 percent has been contributed for all years. Contributions to the member-directed plan for 2007 and 2006 were \$5,017 and \$4,533 made by the Township and \$3,441 and \$2,978 made by the plan members, respectively.

#### **B. Ohio Police and Fire Pension Fund**

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. For 2007 and 2006 the Township's contribution was 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Township's pension contributions to the OP&F for firefighters for the years ended December 31, 2007, 2006, and 2005 were \$92,273, \$82,294, and \$78,247, respectively. The full amount has been contributed for all years.



**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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**Note 10 – Postemployment Benefits**

**A. Ohio Public Employees Retirement System - 2007**

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employees fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post employment health care benefits. The amount of employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006 and 2005 were \$23,841, \$20,842, and \$19,184, respectively; 100 percent has been contributed for all years. On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

## Canton Township, Ohio

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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### **Note 10 – Postemployment Benefits (Continued)**

#### **B. Ohio Police and Fire Pension Fund - 2007**

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters for the years ended December 31, 2007, 2006, and 2005 were \$36,107, \$39,248, and \$37,318, respectively. The full amount has been contributed for all years.

## Canton Township, Ohio

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)

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### Note 10 – Postemployment Benefits (Continued)

#### C. Ohio Public Employees Retirement System - 2006

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .5 and 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$20,842. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

#### D. Ohio Police and Fire Pension Fund - 2006

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

**Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

**Note 10 – Postemployment Benefits (Continued)**

***D. Ohio Police and Fire Pension Fund – 2006 (Continued)***

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contribution for 2006 that was used to fund postemployment benefits was \$39,248 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006, was \$120,373,772, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 14,120 for police and 10,563 for firefighters.

**Note 11 – Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>						
Ambulance Loan						
2002 - \$550,075	5.76%	\$41,792	\$0	\$41,792	\$0	\$0
Backhoe Loan						
2005 - \$62,520	4.50%	32,415	0	21,408	11,007	11,007
		<u>\$74,207</u>	<u>\$0</u>	<u>\$63,200</u>	<u>\$11,007</u>	<u>\$11,007</u>

The loans were issued to purchase five ambulances and a backhoe. The remaining loans outstanding at December 31, 2007 will be retired in 2008 with a payment of \$11,007 of principal and \$247 of interest.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$31,440,244 and an unvoted debt margin of \$16,468,699.

## **Canton Township, Ohio**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006  
(Continued)*

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### **Note 12 – Contingent Liabilities**

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.

### **Note 13 – Jointly Governed Organizations**

#### **A. Stark Council of Governments**

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities and villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is dependent on the Township's continued participation; however, the Township does not have an equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Township. No contributions were made by the Township in 2007 and 2006. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

#### **B. Stark County Regional Planning Commission**

The Township participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. The principal aim of the Commission is to provide comprehensive planning, both long-term and short-term, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Township has no financial responsibility for any the Commission's liabilities. In 2007 and 2006, the Township contributed \$1,340 in each year to the Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

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# Mary Taylor, CPA

Auditor of State

## ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Canton Township  
Stark County  
4711 Central Ave. S.E.  
Canton, Ohio 44707

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of Canton Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, following Ohio Admin. Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2007-001 through 2007-004.

We noted certain other matters that we reported to the Township's management in a separate letter dated February 12, 2010.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the Township. Noncompliance with these requirements could impact the Township's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2007-005 through 2007-007.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated February 12, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

February 12, 2010



**CANTON TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING NUMBER 2007-001**

**Bank Reconciliations**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investments balances according to the entity's records.

During testing of bank reconciliations the following were noted:

- Bank reconciliations were not performed for several months after the month end;
- \$1,952.86 remains unsupported from 2004 and was added to the bank balance to reconcile to the books;
- \$268.49 remains unsupported from 2005 and was added to the bank balance to reconcile to the books;
- \$9,304.03 balance adjustment remains unsupported from 2006 and was added to the bank balance to reconcile to the books;
- \$8,421.33 in adjustments and "cash differences" remains unsupported from 2007 and was added to the bank balance to reconcile to the books;
- The outstanding check list has an unsupported amount of \$1,788.92 for both 2006 and 2007;
- The outstanding check list has several items that have been carried forward since the 2003 reconstruction and several other long outstanding items;
- A deposit in transit amount of \$3,510.61 that was posted to the books in February 2006 but has not been deposited with the bank;
- A "deposit in transit" in the amount of \$11,441.44 has been carried on the monthly bank reconciliations since March 2004;
- Bank reconciliations were not presented to the Board for their review and approval;
- Checks were written and subsequently voided in order to record certain electronic fund transfers after the fact;
- Bank reconciliations performed did not reconcile to the fund balances.

Due to the above noted items and adjustments from prior reconstructions not being made, the Township contracted with Local Government Services (LGS), a division of the Auditor of State's Office to reconcile the Township's bank to book for 2004 through 2007 and to adjust the Township's financial statements and underlying accounting records as deemed necessary. *Government Auditing Standards* considers these services to impair the independence of the Auditor of State to audit the Township because the Auditor of State (LGS) is performing management functions and making management decisions. Consequently, our lack of independence prohibited us to express an opinion on the financial statements. In addition, lack of certain financial documents and ledgers precluded us from performing an audit in accordance with *Government Auditing Standards* and also prohibited us to express an opinion on the financial statements.

Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened which could hinder the timely detection of errors or irregularities by management.

As an established control procedure, monthly bank to book reconciliations should be prepared by the Township Fiscal Officer and then reviewed and accepted by the Board of Trustees. Performing monthly bank reconciliations on a timely basis will help to ensure there is support for all reconciling items. Also preparing bank reconciliations on a timely basis will help to alleviate the long outstanding reconciling items.

**Officials' Response:** Canton Township adopted UAN; each monthly bank reconciliation is timely completed and presented to the Board for approval.

### FINDING NUMBER 2007-002

#### Posting Estimated Receipts and Appropriations

The estimated receipts as certified by the budget commission did not agree to the amounts reflected in the Township's computer system at December 31, 2007 for the General Fund and certain Special Revenue Funds. Also, the appropriations as approved by the Board did not agree to the amounts recorded in the Township's computer system at December 31, 2007 for the General Fund and certain Special Revenue Funds. It was also noted budget vs. actual reports are not presented to the Board for their review and approval.

As a result, the Board is not able to monitor actual revenue and expenditures compared to estimates reflected on the Official Certificate of Estimated Resources and the Appropriations Resolution.

The Fiscal Officer should input the correct estimated receipts into the proper line item accounts on the budgetary system once certified by the Budget Commission and the correct appropriation amounts into the proper line item accounts on the budgetary system once approved by the Board. Monthly comparisons of budgeted and actual revenue and expenditures for all funds should be presented to the Board to allow for monitoring of fiscal operations of the Township. The Board of Trustees should review these reports for significant variances from expectations and those variances should be investigated.

**Officials' Response:** Fiscal Officer will ensure full amount of estimated resources is posted to the system.

### FINDING NUMBER 2007-003

#### Reclassifications

Various revenue items were not properly classified by the Township. Such items included:

- Interest Revenue posted to General Property Tax (2007) rather than interest;
- Homestead/Rollback Taxes posted to General Property Tax (2006 and 2007) rather than intergovernmental;
- Natures Work Grant posted to Other State Receipts (2007) instead of intergovernmental revenue;
- Majority of "Other State Receipts" should be posted to Licenses, Fees, and Permits (2007).

The Township fiscal officer should review the monthly financial reports to help ensure recorded receipts are posted to the proper account based on type of activity. The Township Fiscal Officer should utilize the Township Accounting Handbook and UAN system to assist in identifying proper accounts. In addition, the Township's annual report should be reviewed for accuracy and consistency with prior reports. This will help provide the Township with fairly presented financial statements and the ability to analyze financial information in a consistent manner.

**Officials' Response:** UAN technical support will review and correct line item input codes.

#### FINDING NUMBER 2007-004

##### Leave Requests

The Township utilizes leave forms to request time off. 25% (3 of 12) of leaves tested throughout the audit period did not have a leave request submitted.

The Township should consistently utilize leave request forms to help ensure leave is properly authorized, and to support the leave was requested by the respective employee.

**Officials' Response:** Township management will ensure all staff timely complete leave requests.

#### FINDING NUMBER 2007-005

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.41(D)** provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

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

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

2. **Blanket Certificate** – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2007–005 (Continued)**

- 3. Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2007 and 2006 30% (27 of 90) of expenditures tested were not certified by the Township's Fiscal Officer prior to incurring the obligation. It was also found that none of the three exceptions above were utilized for the items found to be in noncompliance. The Township should certify the availability of funds for expenditures prior to incurring obligations or use 'Then and Now Certificates' as means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). It was also noted that check number 2559 paid to Bound Tree Medical in the amount of \$1,787.27 did not match the invoice of \$914.41. The Township should review all invoices to be sure that the amount paid agrees to the amount invoiced.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response:** Effective January 1, 2008 all utilities and recurring invoices are reflected in either a Purchase Order or Blanket Certificate.

**FINDING NUMBER 2007–006**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** requires that monies paid into any fund be used only for the purposes for which such fund is established. As the result of adjusting entries made through the reconciliations performed by Local Government Services, the Township had negative cash fund balances in the following funds:

<b>Fund</b>	<b>Amount</b>
General Fund – 2006	\$19,571
Motor Vehicle License Tax Fund – 2006	19,173
Motor Vehicle License Tax Fund – 2007	13,344

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards.

### FINDING NUMBER 2007-006 (Continued)

Maintaining positive cash fund balances is not only required by statute but is a key control in the disbursement process to assure funds are available to pay obligations. To improve controls over cash management and disbursements and to help reduce the possibility of the Township's funds not having adequate balances to pay incurred obligations, we recommend the Township monitor fund activity to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code. Use of formal advances, approved by the Board, will allow management to determine exactly which funds cash is being used to offset deficit cash balances. This should help ensure compliance with grant and other funding restrictions.

**Officials' Response:** As stated, negative fund balances were a result of adjusting entries, Township Management will work to eliminate and ensure negative fund balances are resolved and will not occur in the future.

### FINDING NUMBER 2007-007

#### Noncompliance Citation

**Ohio Rev. Code Section 9.24** provides, in part, that no state agency and no political subdivision receiving more than \$50,000 in state funds in a fiscal year shall award a contract for goods, services, or construction, paid for in whole or in part with state funds, to a person against whom a finding for recovery has been issued by the auditor of state, if the finding for recovery is unresolved. The Auditor of State shall maintain a database, accessible to the public, listing persons against whom an unresolved finding for recovery has been issued, and the amount of the money identified in the unresolved finding for recovery. The Auditor of State currently has this database operational and the database will be updated periodically in accordance with Ohio Rev. Code Section 9.24(D). The database is available at the Auditor of State's website: [www.auditor.state.oh.us](http://www.auditor.state.oh.us). Before awarding a contract for goods, services, or construction, paid for in whole or in part with state funds, a state agency or political subdivision shall verify that the person to whom the state agency or political subdivision plans to award the contract does not appear in this Auditor of State database or shall obtain other proof that the person has no unresolved finding for recovery issued against the person.

The Township did not check the Unresolved Findings for Recovery Database prior to awarding any of the contracts tested during the audit period. The Township should require the Unresolved Findings for Recovery Database is reviewed before a contract is awarded and proper documentation is maintained verifying the database was checked.

**Officials' Response:** Canton Township will review database for compliance on all applicable contracts.

**CANTON TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 and 2006**

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>
2005-001	<b>Ohio Rev. Code Section 5705.41(D)</b> expenditures were not certified prior to incurring the obligation.	No	Repeated as finding number 2007-005
2005-002	<b>Ohio Rev. Code Section 5705.41(B)</b> total expenditures exceeded appropriations	No	Repeated in the management letter
2005-003	<b>Ohio Rev. Code Section 5705.39</b> appropriations exceeded estimated resources	Yes	Finding no longer valid
2005-004	<b>Ohio Rev. Code Section 5705.10</b> negative cash fund balances	No	Repeated as finding number 2007-007
2005-005	<b>Ohio Rev. Code Section 149.351</b> the Township was unable to locate several documents	Yes	Finding no longer valid
2005-006	Interfund advances were long outstanding and not authorized by formal resolution	Yes	Finding no longer valid
2005-007	<b>Ohio Admin. Code Section 117-2-04(A)</b> proper accounting records were not maintained	Yes	Finding no longer valid
2005-008	<b>Ohio Rev. Code Section 742.63</b> the Township did not withhold social security taxes from part-time firefighters	Yes	Finding no longer valid
2005-009	The Township did not properly reconcile the balance of cash in the accounting records.	No	Repeated as finding number 2007-001
2005-010	Voided checks could not be located or were not properly stamped as void	Yes	Finding no longer valid
2005-011	Transactions were not properly posted to the accounting records	No	Repeated as finding number 2007-003



Mary Taylor, CPA  
Auditor of State

CANTON TOWNSHIP

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  
MARCH 11, 2010