



Dave Yost • Auditor of State



VILLAGE OF EAST CANTON  
STARK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of East Canton, Stark County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of East Canton, Stark County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$36,905	\$0	\$0	\$36,905
Municipal Income Tax	336,729	0	0	336,729
Intergovernmental	29,866	157,665	0	187,531
Charges for Services	2,550	1,807	0	4,357
Fines, Licenses and Permits	29,149	3,984	0	33,133
Earnings on Investments	598	181	0	779
<i>Total Cash Receipts</i>	<u>435,797</u>	<u>163,637</u>	<u>0</u>	<u>599,434</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	269,980	0	0	269,980
Public Health Services	5,683	0	0	5,683
Leisure Time Activities	0	8,666	0	8,666
Community Environment	3,476	0	0	3,476
Transportation	0	115,921	0	115,921
General Government	184,967	4,116	0	189,083
Capital Outlay	0	12,000	9,500	21,500
Debt Service:				
Principal Retirement	0	2,709	0	2,709
<i>Total Cash Disbursements</i>	<u>464,106</u>	<u>143,412</u>	<u>9,500</u>	<u>617,018</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,309)</u>	<u>20,225</u>	<u>(9,500)</u>	<u>(17,584)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	0	487	0	487
Transfers In	0	10,000	0	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,487</u>	<u>0</u>	<u>487</u>
Extraordinary Item	24,807	6,406		31,213
<i>Net Change in Fund Cash Balances</i>	<u>(13,502)</u>	<u>37,118</u>	<u>(9,500)</u>	<u>14,116</u>
<i>Fund Cash Balances, January 1</i>	<u>290,748</u>	<u>232,341</u>	<u>82,501</u>	<u>605,590</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	157,523	0	157,523
Assigned	214,728	111,936	73,001	399,665
Unassigned (Deficit)	62,518	0	0	62,518
<i>Fund Cash Balances, December 31</i>	<u>\$277,246</u>	<u>\$269,459</u>	<u>\$73,001</u>	<u>\$619,706</u>

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

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$319,717	\$0	\$319,717
Fines, Licenses and Permits	0	37,192	37,192
<i>Total Operating Cash Receipts</i>	<u>319,717</u>	<u>37,192</u>	<u>356,909</u>
<b>Operating Cash Disbursements</b>			
Personal Services	65,693	0	65,693
Employee Fringe Benefits	26,796	0	26,796
Contractual Services	140,843	0	140,843
Supplies and Materials	25,046	0	25,046
General Government	0	39,121	39,121
<i>Total Operating Cash Disbursements</i>	<u>258,378</u>	<u>39,121</u>	<u>297,499</u>
<i>Operating Income (Loss)</i>	<u>61,339</u>	<u>(1,929)</u>	<u>59,410</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Sale of Capital Assets	82	0	82
Capital Outlay	(7,039)	0	(7,039)
Principal Retirement	(33,000)	0	(33,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(39,957)</u>	<u>0</u>	<u>(39,957)</u>
<i>Net Change in Fund Cash Balances</i>	21,382	(1,929)	19,453
<i>Fund Cash Balances, January 1</i>	<u>248,563</u>	<u>2,989</u>	<u>251,552</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$269,945</u></u>	<u><u>\$1,060</u></u>	<u><u>\$271,005</u></u>

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



**VILLAGE OF EAST CANTON  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$39,332	\$0	\$0	\$39,332
Municipal Income Tax	322,007	0	0	322,007
Intergovernmental	27,661	153,707	0	181,368
Charges for Services	1,649	1,125	0	2,774
Fines, Licenses and Permits	25,873	3,351	0	29,224
Earnings on Investments	641	182	0	823
<i>Total Cash Receipts</i>	<u>417,163</u>	<u>158,365</u>	<u>0</u>	<u>575,528</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	261,534	0	0	261,534
Public Health Services	6,113	0	0	6,113
Leisure Time Activities	0	14,350	0	14,350
Community Environment	3,000	0	0	3,000
Transportation	40,120	158,120	0	198,240
General Government	181,589	4,421	0	186,010
Capital Outlay	0	0	10,399	10,399
Debt Service:				
Principal Retirement	0	2,709	0	2,709
<i>Total Cash Disbursements</i>	<u>492,356</u>	<u>179,600</u>	<u>10,399</u>	<u>682,355</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(75,193)</u>	<u>(21,235)</u>	<u>(10,399)</u>	<u>(106,827)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	0	1,841	0	1,841
Transfers In	0	10,000	0	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>11,841</u>	<u>0</u>	<u>1,841</u>
Extraordinary Item	2,633	50	0	2,683
<i>Net Change in Fund Cash Balances</i>	<u>(82,560)</u>	<u>(9,344)</u>	<u>(10,399)</u>	<u>(102,303)</u>
<i>Fund Cash Balances, January 1</i>	<u>373,308</u>	<u>241,685</u>	<u>92,900</u>	<u>707,893</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	130,041	0	130,041
Assigned	187,071	102,300	82,501	371,872
Unassigned (Deficit)	103,677	0	0	103,677
<i>Fund Cash Balances, December 31</i>	<u>\$290,748</u>	<u>\$232,341</u>	<u>\$82,501</u>	<u>\$605,590</u>

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

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$306,258	\$0	\$306,258
Fines, Licenses and Permits	0	36,000	36,000
<i>Total Operating Cash Receipts</i>	<u>306,258</u>	<u>36,000</u>	<u>342,258</u>
<b>Operating Cash Disbursements</b>			
Personal Services	60,623	0	60,623
Employee Fringe Benefits	22,977	0	22,977
Contractual Services	112,139	0	112,139
Supplies and Materials	15,813	0	15,813
General Government	0	34,516	34,516
<i>Total Operating Cash Disbursements</i>	<u>211,552</u>	<u>34,516</u>	<u>246,068</u>
<i>Operating Income (Loss)</i>	<u>94,706</u>	<u>1,484</u>	<u>96,190</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Sale of Capital Assets	1,143	0	1,143
Capital Outlay	(27,350)	0	(27,350)
Principal Retirement	(33,000)	0	(33,000)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(59,207)</u>	<u>0</u>	<u>(59,207)</u>
<i>Net Change in Fund Cash Balances</i>	35,499	1,484	36,983
<i>Fund Cash Balances, January 1</i>	<u>213,064</u>	<u>1,505</u>	<u>214,569</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$248,563</u></u>	<u><u>\$2,989</u></u>	<u><u>\$251,552</u></u>

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

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of East Canton, Stark County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Mayor is elected to a four year term, serves as President of Council and votes only to break a tie. The Village provides water utilities, park operations, road maintenance and police services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue fund:  
Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Permanent Capital Fund – This fund receives proceeds from transfers from General Fund. The proceeds are being used to purchase police cars.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Water Reserve Fund – This fund receives a capital improvement surcharge to repay capital water improvement loans to the Ohio Public Works Commission and the Ohio Water Development Authority.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**I. Extraordinary Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

**2. Equity in Pooled Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$79,854	\$107,073
Other time deposits (savings and NOW accounts)	810,857	750,069
Total deposits	<u>\$890,711</u>	<u>\$857,142</u>

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity – (Continued)**

2014 Budgeted vs Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$404,357	\$460,604	\$56,247
Special Revenue	168,083	180,530	12,447
Capital Projects	0	0	0
Enterprise	304,166	319,799	15,633
Fiduciary	43,000	37,192	(5,808)
Total	\$919,606	\$998,125	\$78,519

2014 Budgeted vs Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$591,428	\$486,472	\$104,956
Special Revenue	240,800	144,422	96,378
Capital Projects	50,000	9,500	40,500
Enterprise	363,700	343,970	19,730
Fiduciary	43,000	39,121	3,879
Total	\$1,288,928	\$1,023,485	\$265,443

2013 Budgeted vs Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$373,919	\$419,796	\$45,877
Special Revenue	170,013	170,256	243
Capital Projects	0	0	0
Enterprise	296,571	307,401	10,830
Fiduciary	42,000	36,000	(6,000)
Total	\$882,503	\$933,453	\$50,950

2013 Budgeted vs Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$607,278	\$510,554	\$96,724
Special Revenue	297,895	187,461	110,434
Capital Projects	60,000	10,399	49,601
Enterprise	365,600	276,579	89,021
Fiduciary	40,000	35,427	4,573
Total	\$1,370,773	\$1,020,420	\$350,353

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 15. The second half payment is due the following July 15.

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

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

**5. Local Income Tax**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2005 Ohio Public Works Commission #CS08F	\$188,195	0%
2009 Ohio Public Works Commission #CS07I	\$39,280	0%
2010 Ohio Public Works Commission #CS07M	\$67,797	0%
2012 Ohio Public Works Commission #CT46P	\$35,528	0%
2003 Ohio Water Development Authority Loan	85,627	4.78%
Total	<u>\$416,427</u>	

In 2005, the Village obtained a 20 year, zero percent interest Ohio Public Works Commission (OPWC) loan of \$376,391 for a waterline replacement on Nassau Street. The Village will repay the loan in semiannual installments of \$9,410.

In 2009, the Village obtained a 20 year, zero percent interest OPWC loan of \$54,179, to improve the storm water drainage system on Liberty Street West. The Village will repay the loan in semiannual installments of \$1,354.

In 2010, the Village obtained a 20 year, zero percent interest OPWC loan of \$87,480 to replace a water main on South Cedar Street. The Village will repay the loan in semiannual installments of \$2,187.

In 2012, the Village obtained a 25 year, zero percent interest OPWC loan of \$38,617 to replace a water main on East Liberty Street. The Village will repay the loan in semiannual installments of \$772.



**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Debt (Continued)**

In 2003, the Village obtained a 25 year, 4.78% interest Ohio Water Development Authority (OWDA) loan of \$117,262 to replace a water main on Nassau Street. The Village will repay the loan in semiannual installments of \$4,230, including interest.

Water receipts collateralize the 2005, 2010 and 2012 OPWC and 2003 OWDA loans. The Village has agreed to set utility rates sufficient to cover OPWC and OWDA debt service requirements.

The Village annually appropriates an amount sufficient to meet the 2009 OPWC debt obligation from the Street Construction, Maintenance and Repair Fund.

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

Year ending December 31:	2005 OPWC	2009 OPWC	2010 OPWC	2012 OPWC	2003 OWDA
2015	\$18,820	\$2,708	\$4,374	\$1,544	\$8,459
2016	18,820	2,708	4,374	1,544	8,459
2017	18,820	2,708	4,374	1,544	8,459
2018	18,820	2,708	4,374	1,544	8,459
2019	18,820	2,708	4,374	1,544	8,459
2020-2024	94,095	13,540	21,870	7,720	42,297
2025-2029	0	12,200	21,870	7,720	33,840
2030-2034	0	0	2,187	7,720	0
2035-2039	0	0	0	4,648	0
Total	<u>\$188,195</u>	<u>\$39,280</u>	<u>\$67,797</u>	<u>\$35,528</u>	<u>\$118,432</u>

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For the periods January 1, 2013 – June 30, 2013, July 1, 2013 – June 30, 2014 and July 1, 2014 – December 31, 2014, OP&F participants contributed 10%, 10.75% and 11.5%, respectively, of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**8. Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF EAST CANTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. Risk Management – (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Interfund Transfers**

During 2014 and 2013, the Village transferred \$10,000 from the general fund to the parks and recreation special revenue fund to supplement the operations of the fund.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of East Canton, Stark County, (the Village) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03 permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015



# Dave Yost • Auditor of State

**VILLAGE OF EAST CANTON**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 29, 2015**