

VILLAGE OF EAST CANTON

STARK COUNTY

Agreed-Upon Procedures

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of East Canton, Stark County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of East Canton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 19, 2017

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*Village of East Canton
Stark County
For the Years Ended December 31, 2016 and 2015*

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of East Canton, Stark County (the Village) and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Status Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Status Report to the December 31, 2015 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the observed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also haphazardly selected five receipts from the County Auditor's Vendor Payments by Vendor Number Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We haphazardly selected five income tax returns filed during 2016 and five from 2015.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Final Return Log. The amounts agreed.
 - b. We compared the Final Return Log total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We haphazardly selected five income tax refunds from 2016 and five from 2015.
 - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Income Tax Clerk on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General Fund as is required.

Water Fund

1. We haphazardly selected 10 Water Fund collection cash receipts from the year ended December 31, 2016 and 10 Water Fund collection cash receipts from the year ended December 31, 2015 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Aged Balances Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Aged Balances Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

2. We observed the Aged Balances Report.
 - a. This report listed \$2,470 and \$1,856 of accounts receivable as of December 31, 2016 and 2015, respectively.
 - b. Of the total receivables reported in the preceding step, \$982 and \$1,327, respectively, were recorded as more than 90 days delinquent.

3. We observed the Adjustment Transaction Report.
 - a. This report listed a total of \$248 and \$3,232 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
 - b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and observed that the Village Administrator and/or Fiscal Officer approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2014. These amounts agreed to the Village's January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
2005 OPWC Loan #CS08F	\$188,195
2009 OPWC Loan #CS07I	39,280
2010 OPWC Loan #CS07M	67,797
2012 OPWC Loan #CT46P	35,528
2003 OWDA Loan #3911	85,627

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt observed agreed to the summary we used in step 3.

3. We obtained a summary of loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Water Reserve Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We noted that \$2,877 and \$4,041 in interest payments were incorrectly posted as principal retirement during 2016 and 2015, respectively. We found no other exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the job descriptions included in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2016. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 30, 2016	\$3,319.33	\$3,319.33
State income taxes	January 15, 2017	December 29, 2016	\$733.09	\$733.09
Village of East Canton income tax	January 31, 2017	December 30, 2016	\$582.77	\$582.77
OPERS retirement	January 30, 2017	December 30, 2016	\$2,770.89	\$2,770.89
OP&F retirement	January 31, 2017	December 30, 2016	\$1,787.35	\$1,787.35

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended December 31, 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.

- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Mayors Court Transactions and Cash Balances

1. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.The amounts recorded in the cash book, receipts book, docket and case file agreed.
2. From the cash book, we haphazardly selected one month from the year ended December 31, 2016 and one month from the year ended 2015 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Park Recreation and Enterprise Water fund for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund and the Park Recreation Fund for each year and the Enterprise Water Fund for 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$381,875 and \$401,448 for 2016 and 2015, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$432,244 and \$409,904, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Park Recreation Fund of \$7,000 and \$7,000 for 2016 and 2015, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$11,000 and \$2,932, respectively. The Revenue Status Report recorded budgeted (i.e. certified)

resources for the Enterprise Water Fund of \$288,976 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$287,000. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Park Recreation and Enterprise Water funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General Fund, Park Recreation Fund and Enterprise Water Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Park Recreation and Enterprise Water funds for the years ended December 31, 2016 and 2015. We observed no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General, Park Recreation and Enterprise Water funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund was still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.

10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Other Compliance

Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015. There were no exceptions.

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

This report is for the use of the Village to assist in evaluating its receipts, disbursements and cash fund balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 20, 2017

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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
AUGUST 1, 2017