



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF EAST CANTON
STARK COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of East Canton, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 8, 2024

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Village of East Canton, Ohio
Stark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$57,006	\$149,506	\$0	\$206,512
Municipal Income Tax	432,715	0	0	432,715
Intergovernmental	126,744	276,324	0	403,068
Charges for Services	0	1,140	0	1,140
Fines, Licenses and Permits	22,583	2,265	0	24,848
Earnings on Investments	10,053	1,695	0	11,748
Miscellaneous	2,085	24,507	0	26,592
<i>Total Cash Receipts</i>	<u>651,186</u>	<u>455,437</u>	<u>0</u>	<u>1,106,623</u>
Cash Disbursements				
Current:				
Security of Persons and Property	26,513	343,393	0	369,906
Public Health Services	5,521	0	0	5,521
Leisure Time Activities	2,868	443	0	3,311
Community Environment	3,026	0	0	3,026
Transportation	5,500	154,715	0	160,215
General Government	182,715	1	0	182,716
Capital Outlay	0	50,176	0	50,176
Debt Service:				
Principal Retirement	0	2,709	0	2,709
Interest and Fiscal Charges	0	0	0	0
<i>Total Cash Disbursements</i>	<u>226,143</u>	<u>551,437</u>	<u>0</u>	<u>777,580</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>425,043</u>	<u>(96,000)</u>	<u>0</u>	<u>329,043</u>
Other Financing Receipts (Disbursements)				
Other Loans Issued	0	5,940		5,940
Other Debt Proceeds	0	44,236		44,236
Transfers In	0	200,000		200,000
Transfers Out	(200,000)	0		(200,000)
Other Financing Uses	(994)	0		(994)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200,994)</u>	<u>250,176</u>	<u>0</u>	<u>49,182</u>
<i>Net Change in Fund Cash Balances</i>	224,049	154,176	0	378,225
<i>Fund Cash Balances, January 1</i>	<u>627,079</u>	<u>463,617</u>	<u>63,592</u>	<u>1,154,288</u>
<i>Fund Cash Balances, December 31</i>	<u>\$851,128</u>	<u>\$617,793</u>	<u>\$63,592</u>	<u>\$1,532,513</u>

See accompanying notes to the basic financial statements

Village of East Canton, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022*

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$458,142
Miscellaneous	1,464
	459,606
Operating Cash Disbursements	
Personal Services	68,247
Employee Fringe Benefits	37,153
Contractual Services	198,166
Supplies and Materials	43,863
	347,429
<i>Total Operating Cash Disbursements</i>	<i>347,429</i>
<i>Operating Income (Loss)</i>	<i>112,177</i>
Non-Operating Receipts (Disbursements)	
Other Loans Issued	5,940
Capital Outlay	(49,219)
Principal Retirement	(32,821)
	(76,100)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(76,100)</i>
<i>Net Change in Fund Cash Balances</i>	<i>36,077</i>
<i>Fund Cash Balances, January 1</i>	<i>440,788</i>
<i>Fund Cash Balances, December 31</i>	<i>\$476,865</i>
<i>See accompanying notes to the basic financial statements</i>	

Village of East Canton, Ohio
Stark County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

	Fiduciary Fund Types
	Custodial
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$27,728
<i>Total Additions</i>	<i>27,728</i>
Deductions	
Distributions to Other Governments	20
Distributions to Other Funds (Primary Gov't)	15,283
<i>Total Deductions</i>	<i>15,303</i>
<i>Net Change in Fund Balances</i>	12,425
<i>Fund Cash Balances, January 1</i>	<i>(2,379)</i>
<i>Fund Cash Balances, December 31</i>	<i>\$10,046</i>

See accompanying notes to the basic financial statements

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Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of East Canton (the Village), Stark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police services. The Village receives fire protection services from the Osnaburg Township Fire Department. There is no cost to the village residents for this service.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for the entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Operating Fund The Police Operating Fund accounts for and reports that portion of the Village of East Canton Police levy money restricted for the sole operation of the Village of East Canton Police Department.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 The permanent capital fund accounts for and reports transfers from the general fund assigned for future capital outlay disbursements.

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 Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court fees.

Basis of Accounting

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 (C). 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 (C) permit.

/

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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.

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.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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:

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

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.

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.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$488,263	\$651,186	\$162,923
Special Revenue	524,626	705,613	180,987
Capital Projects	20,000	0	(20,000)
Enterprise	479,392	465,546	(13,846)
Fiduciary	8,800	27,728	18,928
Total	\$1,521,081	\$1,850,073	\$328,992

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity (Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$643,024	\$511,554	\$131,470
Special Revenue	755,649	615,380	140,269
Capital Projects	63,591	0	63,591
Enterprise	677,278	554,366	122,912
Fiduciary	10,939	21,242	(10,303)
Total	\$2,150,481	\$1,702,542	\$447,939

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

Demand deposits	2022 \$2,019,424
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The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 December 31. The second half payment is due the following June 20.

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

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

Income Taxes

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.

Note 6 – Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

Cash and investments \$ 41,996,850
Actuarial liabilities \$14,974,099

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

	Principal	Interest Rate
2005 Ohio Public Works Commission #CS08F	\$56,459	0.00%
2009 Ohio Public Works Commission #CS07I	20,317	0.00%
2010 Ohio Public Works Commission #CS07M	37,179	0.00%
2012 Ohio Public Works Commission #CT46P	24,715	0.00%
2003 Ohio Water Development Authority Loan	43,678	4.00%
Total	\$182,348	

In 2005, the Village obtained a 20-year, zero percent interest Ohio Public Works Commission (OPWC) loan of \$376,391 for a water line replacement on Nassau Street. The Village will repay the loan in semiannual installments of \$9,409.77.

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 \$1,354.47.

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 \$2,187.00.

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 \$772.34.

In 2003, the Village obtained a 25-year, 4.78% interest Ohio Water Development Authority (OWDA) loan of \$122,645 to replace a water main on Nassau Street. Effective January 1, 2016, the Village received an interest rate buy-down from the OWDA at the rate of 4%, which will save the Village an estimated \$5,019 over the remaining life of the loan.

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.

Financed Purchases

In 2018, the Village entered into a financed purchase agreement for a new 2018 Ford F250 truck where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$7,495 to pay these costs for the year ended December 31, 2022. In 2022, the Village paid off this lease and took ownership of this truck.

In 2019, the Village entered into a financed purchase agreement for a new 2019 Ford F-350 truck with dump bed, plow and spreader where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$19,975 to pay these costs for the year ended December 31, 2022. In 2022, the Village paid off this lease and took ownership of this truck.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

In 2022, the Village entered into a financed purchase agreement for a used 2011 GMC Canyon Pickup Truck where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$6,065 to pay these costs for the fiscal year ended.

In 2022, the Village entered into a financed purchase agreement for a new police cruiser where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$12,447 to pay these costs for the fiscal year ended December 31, 2022.

Amortization

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

Year Ending December 31:	Financed Purchases	OWDA Loan	OPWC Loans
2023	\$15,169	\$4,059	\$27,447
2024	16,531	8,156	27,447
2025	13,128	8,208	27,447
2026	0	8,263	8,628
2027	0	8,320	8,628
2028-2032	0	12,595	29,804
2033-2037	0	0	7,724
2038-2042	0	0	1,545
Total	<u>\$44,828</u>	<u>\$49,601</u>	<u>\$138,670</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Custodial	Total
Outstanding Encumbrances	\$84,417	\$63,943	\$0	\$124,897	\$5,939	\$279,196
<i>Total</i>	<u>\$84,417</u>	<u>\$63,943</u>	<u>\$0</u>	<u>\$124,897</u>	<u>\$5,939</u>	<u>\$279,196</u>

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital project funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Village of East Canton, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$51,257	\$150,267	\$0	\$201,524
Municipal Income Tax	369,581	0	0	369,581
Intergovernmental	35,968	279,682	0	315,650
Charges for Services	0	35,191	0	35,191
Fines, Licenses and Permits	16,461	1,240	0	17,701
Earnings on Investments	373	93	0	466
Miscellaneous	22,476	14,922	0	37,398
<i>Total Cash Receipts</i>	<u>496,116</u>	<u>481,395</u>	<u>0</u>	<u>977,511</u>
Cash Disbursements				
Current:				
Security of Persons and Property	18,052	300,734	0	318,786
Public Health Services	5,507	0	0	5,507
Leisure Time Activities	1,574	6,115	0	7,689
Community Environment	3,315	0	0	3,315
Transportation	86,612	150,947	0	237,559
General Government	145,664	2,432	0	148,096
Debt Service:				
Principal Retirement	0	1,354	0	1,354
<i>Total Cash Disbursements</i>	<u>260,724</u>	<u>461,582</u>	<u>0</u>	<u>722,306</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>235,392</u>	<u>19,813</u>	<u>0</u>	<u>255,205</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	300	0	300
Transfers In	0	150,000	0	150,000
Transfers Out	(150,000)	0	0	(150,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(150,000)</u>	<u>150,300</u>	<u>0</u>	<u>300</u>
<i>Net Change in Fund Cash Balances</i>	85,392	170,113	0	255,505
<i>Fund Cash Balances, January 1</i>	<u>541,687</u>	<u>293,504</u>	<u>63,592</u>	<u>898,783</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$627,079</u></u>	<u><u>\$463,617</u></u>	<u><u>\$63,592</u></u>	<u><u>\$1,154,288</u></u>

See accompanying notes to the basic financial statements

Village of East Canton, Ohio
Stark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$437,411
Miscellaneous	1,247
<i>Total Operating Cash Receipts</i>	438,658
Operating Cash Disbursements	
Personal Services	58,673
Employee Fringe Benefits	32,973
Contractual Services	164,480
Supplies and Materials	20,299
<i>Total Operating Cash Disbursements</i>	276,425
<i>Operating Income (Loss)</i>	162,233
Non-Operating Receipts (Disbursements)	
Capital Outlay	(99,482)
Principal Retirement	(20,405)
<i>Total Non-Operating Receipts (Disbursements)</i>	(119,887)
<i>Net Change in Fund Cash Balances</i>	42,346
<i>Fund Cash Balances, January 1</i>	398,442
<i>Fund Cash Balances, December 31</i>	\$440,788

See accompanying notes to the basic financial statements

Village of East Canton, Ohio
Stark County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Types
	Custodial
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$14,541
<i>Total Additions</i>	14,541
Deductions	
Distributions to Other Governments	24,853
Distributions to Other Funds (Primary Gov't)	8,346
<i>Total Deductions</i>	33,199
<i>Net Change in Fund Balances</i>	(18,658)
<i>Fund Cash Balances, January 1</i>	16,279
<i>Fund Cash Balances, December 31</i>	(\$2,379)
<i>See accompanying notes to the basic financial statements</i>	

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Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of East Canton (the Village), Stark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police services. The Village receives fire protection services from the Osnaburg Township Fire Department. There is no cost to the village residents for this service.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan”), a public entity risk pool. Note 6 to the financial statements provides additional information for the entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair The street construction, maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Operating Fund The Police Operating Fund accounts for and reports that portion of the Village of East Canton Police levy money restricted for the sole operation of the Village of East Canton Police Department.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 The permanent capital fund accounts for and reports transfers from the general fund assigned for future capital outlay disbursements.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Mayor's Court fees.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level 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, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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.

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 reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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:

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

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.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$477,425	\$496,116	\$18,691
Special Revenue	613,659	631,695	18,036
Capital Projects	20,000	0	(20,000)
Enterprise	430,215	438,658	8,443
Fiduciary	30,945	14,541	(16,404)
Total	\$1,572,244	\$1,581,010	\$8,766

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity (Continued)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$570,037	\$430,309	\$139,728
Special Revenue	741,747	496,774	244,973
Capital Projects	30,000	0	30,000
Enterprise	594,805	491,616	103,189
Fiduciary	30,111	35,168	(5,057)
Total	\$1,966,700	\$1,453,867	\$512,833

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$1,592,697

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 December 31. The second half payment is due the following June 20.

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

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Taxes (Continued)

Income Taxes

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.

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020 (the latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (the latest information available).

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management – (Continued)

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Village 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 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
2005 Ohio Public Works Commission #CS08F	\$75,278	0.00%
2009 Ohio Public Works Commission #CS07I	\$23,026	0.00%
2010 Ohio Public Works Commission #CS07M	\$41,553	0.00%
2012 Ohio Public Works Commission #CT46P	\$26,260	0.00%
2003 Ohio Water Development Authority Loan	\$49,828	4.00%
Total	\$215,945	

In 2005, the Village obtained a 20-year, zero percent interest Ohio Public Works Commission (OPWC) loan of \$376,391 for a water line replacement on Nassau Street. The Village will repay the loan in semiannual installments of \$9,409.77.

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 \$1,354.47

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 \$2,187.00

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 \$772.34.

In 2003, the Village obtained a 25-year, 4.78% interest Ohio Water Development Authority (OWDA) loan of \$122,645 to replace a water main on Nassau Street. Effective January 1, 2016, the Village received an interest rate buy-down from the OWDA at the rate of 4%, which will save the Village an estimated \$5,019 over the remaining life of the loan.

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.

Financed Purchases

In 2018, the Village entered into a financed purchase agreement for a new 2018 Ford F250 truck where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$14,990 to pay these costs for the year ended December 31, 2021.

In 2019, the Village entered into a financed purchase agreement for a new 2019 Ford F-350 truck with a dump bed, plow and spreader where ownership of the underlying asset transfers to the Village by the end of the contract. The village disbursed \$16,855 to pay lease costs for the year ending December 31, 2021.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt – (Continued)

Amortization

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

Year Ending December 31:	Financed Purchases	OPWC Loans	OWDA Loan
2022	\$21,851	\$27,447	\$4,035
2023	9,832	27,447	8,107
2024	0	27,447	8,156
2025	0	27,447	8,208
2026	0	8,628	8,263
2027-2031	0	36,892	20,914
2032-2036	0	7,725	0
2037-2038	0	3,084	0
Total	<u>\$31,683</u>	<u>\$166,117</u>	<u>\$57,683</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Custodial	Total
Outstanding Encumbrances	\$19,585	\$35,192	\$0	\$95,304	\$1,939	\$152,020
<i>Total</i>	<u>\$19,585</u>	<u>\$35,192</u>	<u>\$0</u>	<u>\$95,304</u>	<u>\$1,939</u>	<u>\$152,020</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of East Canton, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**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 St.
East Canton, Ohio 44730

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the Village of East Canton, Stark County, (the Village) as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-001 and 2022-002.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 8, 2024

**VILLAGE OF EAST CANTON
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 733.40 provides in part that all fines, forfeitures and costs in ordinance cases and all fees that are collected by the mayor shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

During 2022 and 2021, the Village did not record any portion of the Mayor's Court Custodial Fund collections due to the General or Mayor's Court Computer Funds into those funds. For 2022, \$13,053 and \$2,230 should have been recorded as fines, licenses and permits in the General and Mayor's Court Computer Funds, respectively, and \$15,283 should have been recorded as distributions to other funds in the Mayor's Court Custodial Fund. For 2021, \$7,242 and \$1,104 should have been recorded as fines licenses and permits in the General and Mayor's Court Computer Funds, respectively, and \$8,346 should have been recorded as distributions to other funds in the Mayor's Court Custodial Fund. The financial statements and accounting records have been updated to reflect these adjustments.

The Village should implement procedures to ensure Mayor's Court Fund collections are timely and accurately recorded in the appropriate Village funds.

Official's Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 2743.70(A)(1) provides in part that the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose nine dollars, if the offence is a misdemeanor, as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer in the reparations fund.

Ohio Rev. Code § 2949.091(A)(1) provides in part that the court in which any person is convicted of or pleads guilty to any offense shall impose twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation or ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations, as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All moneys collected shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state to the credit of the indigent defense support fund established under section 120.08 of the Revised Code.

FINDING NUMBER 2022-002 (Continued)

Ohio Rev. Code § 2949.094(A) provides in part that the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The clerk of the court shall transmit thirty-five per cent of all additional court costs collected pursuant to this division during a month on or before the twenty-third day of the following month to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under section 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under section 5502.67 of the Revised Code. The clerk shall transmit fifteen per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the county or municipal indigent drivers alcohol treatment fund under the control of that court, as created by the county or municipal corporation under division (H) of section 4511.191 of the Revised Code. The clerk shall transmit fifty per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the state treasury to be credited to the indigent defense support fund created pursuant to section 120.08 of the Revised Code.

During 2022, the Village made no payments to the Treasurer of State of Ohio or Canton Municipal Court for monthly Mayor's court collections although \$8,369 should have been distributed to the Treasurer of State of Ohio and \$333 to Canton Municipal Court. All payments related to fiscal year 2022 were made in June of 2023.

During 2021, the Village made nine late payments to the Treasurer of State of Ohio or Canton Municipal Court for monthly Mayor's court collections. The collections for January 2021 through June 2021 were not paid until July 30, 2021. The collections for September 2021 and October 2021 were not paid until December 13, 2021. The collections for December 2021 were not paid until June 2, 2023. Late payments made to the Treasurer of State of Ohio and Canton Municipal Court totaled \$3,238 and \$131, respectively.

The Village should implement procedures to ensure Mayor's court monies owed are remitted to the appropriate entities before the required dates.

Official's Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

MATERIAL WEAKNESS

A public office filing its annual financial report on the regulatory cash basis shall include the notes to the basic financial statements. The Auditor of State provides footnote shells to public offices reporting on the regulatory cash basis. The footnote shells include a budgetary activity note and explains that within the budgetary activity note, for each fund type the following should be entered:

- Budgetary receipts from the Certificate of Estimated Resources (total available resources less unencumbered fund balance);
- Actual receipts from the financial statements;
- Appropriation authority from the approved Appropriation Resolution and any amendments made during the period plus prior year carryover encumbrances;
- Budgetary expenditures from the financial statements should include expenditures from the financial statements plus outstanding encumbrances at year end.

FINDING NUMBER 2022-003 (Continued)

The Village's budgetary activity notes included the following misstatements:

- During 2021, the Capital Project Funds appropriation authority and budgetary expenditures amounts of \$30,000 and \$0, respectively, were not reported within the budgetary activity note disclosure.
- During 2021, the Mayor's Court Fund (a Fiduciary Fund) appropriation authority and budgetary expenditures amounts of \$30,111 and \$26,792, respectively, were reported within both the Special Revenue Funds and the Fiduciary Funds.
- During 2021, the Mayor's Court Computer Fund (a Special Revenue Fund) appropriation authority amount of \$2,000 was reported within the Fiduciary Funds.
- During 2022, the Coronavirus Relief Fund unencumbered balance of \$82,552 was improperly reported as as budgeted receipts within the Special Revenue Funds.
- During 2022, the Mayor's Court Fund (a Fiduciary Fund) budgeted receipts and actual receipts amounts of \$8,800 and \$27,728, respectively, were reported within the Special Revenue Funds.
- During 2022, the Capital Project Funds budgeted receipts and actual receipts amounts of \$20,000 and \$0, respectively, were not reported within the budgetary activity note disclosure.
- During 2022, the Mayor's Court Fund (a Fiduciary Fund) appropriation authority and budgetary expenditures amounts of \$10,939 and \$5,959, respectively, were reported within the Special Revenue Funds.
- During 2022, the Capital Project Funds appropriation authority and budgetary expenditures amounts of \$63,591 and \$0, respectively, were not reported within the budgetary activity note disclosure.

The notes to the financial statements have been adjusted to reflect the correct amounts.

The Village should implement controls over financial reporting to ensure the budgetary activity note is complete and accurate.

Official's Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-004

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound financial reporting is the responsibility of the Fiscal Officer, Mayor and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Village did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed adjustments and reclassifications to the financial statements.

- During 2021, the Mayor's Court Fund activity was reported as a special revenue fund rather than a custodial fund. As a result, Fines, Licenses and Permits receipts, General Government disbursements, Fund Cash Balances, January 1 and Fund Cash Balances, December 31 were overstated in the special revenue funds by \$14,541, \$24,742, \$16,168 and \$5,967, respectively. Similarly, Fines, Licenses and Permits for Distribution additions, Distribution to Other Governments deductions, Fund Cash Balances, January 1 and Fund Cash Balances, December 31 were understated in the custodial funds by \$14,541, \$24,742, \$16,168 and \$5,967, respectively. The financial statements have been updated to reflect these adjustments.
- During 2022, the Mayor's Court Fund activity was reported as a special revenue fund rather than a custodial fund. As a result, Fines, Licenses and Permits receipts, General Government disbursements, Fund Cash Balances, January 1 and Fund Cash Balances, December 31 were overstated in the special revenue funds by \$27,728, \$20, \$5,967 and \$33,675, respectively. Similarly, Fines, Licenses and Permits for Distribution additions, Distribution to Other Governments deductions, Fund Cash Balances, January 1 and Fund Cash Balances, December 31 were understated in the custodial funds by \$27,728, \$20, \$5,967 and \$33,675, respectively. The financial statements have been updated to reflect these adjustments.
- During 2021, special assessments related to nuisances received from Stark County in the amount of \$3,949 were reported as miscellaneous receipts rather than special assessment receipts in the special revenue funds. The financial statements have not been updated to reflect this reclassification.
- During 2022, special assessments related to nuisances received from Stark County in the amount of \$9,342 were reported as miscellaneous receipts rather than special assessment receipts in the special revenue funds. The financial statements have not been updated to reflect this reclassification.
- During 2021, interest and fiscal charges in the amount of \$2,170 related to the OWDA loan were reported as principal retirement rather than interest and fiscal charges in the enterprise funds. The financial statements have not been updated to reflect this reclassification.
- During 2022, interest and fiscal charges in the amount of \$1,932 related to the OWDA loan were reported as principal retirement rather than interest and fiscal charges in the enterprise funds. The financial statements have not been updated to reflect this reclassification.
- During 2022, the Village entered into a financed purchase agreement for a police cruiser in the amount of \$44,236 that was not recorded within the financial statements. As a result, other financing sources and capital outlay were understated by \$44,236 in the special revenue funds. The financial statements have been updated to reflect this adjustment.
- During 2022, the Village entered into a financed purchase agreement for a GMC Canyon to be used equally by the street and water departments in the amount of \$11,880 that was not recorded within the financial statements. As a result, other loans issued and capital outlay were understated by \$5,940 in the special revenue funds and the enterprise funds. The financial statements have been adjusted to reflect these adjustments.

FINDING NUMBER 2022-004 (Continued)

- During 2022, a grant from the Stark County Regional Planning Commission in the amount of \$86,613 was reported as miscellaneous receipts rather than intergovernmental receipts in the General Fund. The financial statements have been adjusted to reflect this reclassification.

To help ensure the Village's financial statements are accurate, the Village should adopt policies and procedures to identify and correct errors. The Village should review the financial statements prior to submission for audit.

Official's Response:

We did not receive a response from Officials to this finding.

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VILLAGE OF EAST CANTON
STARK CO. OHIO

130 South Cedar Street, East Canton, Ohio 44730

Phone: (330) 488-0220 Fax: (330) 488-1300

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Remittance payments not being made timely	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-002	Mayor's court remittance payments not being made	Not Corrected	The Fiscal Officer is still learning the requirements. Although payments were made late for fiscal years 2021 and 2022, all required payments were made to the proper governmental agencies. The Fiscal Officer will follow guidance outlined in the Ohio Revised Code related to Mayor Court fines and court costs to ensure payments are made to proper government agencies and by the required time periods.
2020-003	Ohio Rev. Code § 5705.41(B) – Disbursements plus encumbrances exceeded appropriations	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-004	Ohio Rev. Code § 5705.41(D) – Certifying the availability of funds	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-005	Ohio Rev. Code § 5705.39 – Appropriations exceeding estimates resources	Corrective Action Taken and Finding is Fully Corrected	N/A



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2020-006	Financial reporting errors	Partially Corrected	The Fiscal Officer is still learning the requirements. The Fiscal Officer will follow guidance outlined in the Ohio Revised Code related to Mayor Court fines and court costs to ensure payments are made to proper funds and government agencies.
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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF EAST CANTON

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/6/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov