



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Barbara Hall, Fiscal Officer  
Village of East Canton  
130 South Cedar Street  
East Canton, Ohio 44730

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of East Canton (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, including Mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. 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*. 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. The Village processes in financial transactions with the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards considers this service to impair the independence of the Auditor of State to provide attest services to the Village because the Auditor of State designed, developed, implemented, and is requested, operates UAN. However, Government Auditing Standards permits the Auditor of State to perform this engagement, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Cash Summary by Fund to the December 31, 2008 balances in the prior year audited statements. No exceptions noted.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Cash Summary by Fund. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.

5. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
  - a. We traced each check to the subsequent January and February 2011 bank statements. We found no exceptions.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We found no exceptions.

#### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
  - a. Two personal property tax receipts
  - b. Two real estate tax receiptsWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009. We also selected five receipts from the County Auditor's DTLs from 2010 and 2009.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### **Income Tax Receipts**

1. We obtained the December 31, 2010 and 2009 Total Distributions reports submitted by the Village of East Canton Income Tax Department, the Income Tax Department is responsible for collecting income taxes of the Village. We agreed the total gross income taxes per year to the Village's Income Tax Departments and compared the amounts to the Village's Receipt Register Report. The amounts agreed.

**Water Fund**

1. We haphazardly selected 10 receipts from 2010 and 10 receipts from 2009 recorded in the Water Fund 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 Payment Posting Report. The amounts agreed.
  - b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
  - c. Amount charged was posted as a receivable in the Billing Register for the billing period. We found no exceptions.
  - d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
  
2. We read the Billing Register Summary – All Classes Report:
  - a. We noted this report listed \$43,751.20 and \$47,213.11 of accounts receivable as of December 31, 2010 and 2009, respectively.
  - b. Of the total receivables reported in the preceding step, \$607.53 and \$200.55 were recorded as more than 90 days delinquent.
  
3. We read the Transaction Detail History Reports.
  - a. We noted this report listed a total of \$1,818.77 and \$203.74 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
  - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009, and noted that the Fiscal Officer approved each adjustment.

**Debt**

1. From the prior audit report, we noted the following loans outstanding as of 2008. These amounts agreed to the Villages January 2009 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2008</b>
Ohio Water Development Authority	\$108,171
Ohio Public Works Commission	\$301,113

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 3.
  
3. We obtained a summary of Ohio Water Development Authority Loan debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to the 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 obtained a summary of O.P.W.C. debt activity for 2010 and 2009 and agreed principal payments from the O.P.W.C. Loan Payment Confirmations to the Liberty Street Drainage Project Fund and Street Construction, Maintenance and Repair Fund. We also compared the date the debt service payments were due to the date the Village made the payments. No exceptions were noted.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We noted several instances where the employee timecard had hand written hours when the Village has a formal time clock. We noted several instances where the employee timecard did not reflect supervisory approval.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
  
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2010. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2011	12/28/10	\$2,407.53	\$2,407.53
State income taxes	January 31, 2011	12/28/10	\$608.40	\$608.40
OPERS retirement	January 30, 2011	12/28/10	\$5,353.35	\$5,353.35
OP&F retirement	January 31, 2011	12/28/10	\$1,559.96	\$1,559.96

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 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 three instances where disbursements requiring certification were not properly certified 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 test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### Mayors Court Transactions

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, 2010 and one month from the year ended 2009 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 from the *Amended Official Certificate of Estimated Resources*, required Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General (1000), Street Construction Maintenance Repair (2011) and Water (5101) funds for the years ended December 31, 2010 and 2009. The amounts on the *Certificate* agreed to the amount recorded in the accounting system for 2010. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$509,162 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$552, 899. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Street, Construction, and Maintenance Fund of \$125,403 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$148,988. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Water Fund of \$264,039 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$267,788. 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. Because we did not test all funds, our report provides no assurance whether or not additional similar error occurred.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street Construction Maintenance Repair and Water funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Comp. of Disb. / Encumbrances report for 2010 and 2009 for the following funds: General, Street Construction Maintenance Repair and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comp. of Disb. / Encumbrances report except for the General Fund. The 2010 appropriations resolution recorded General Fund appropriations as \$594,868 whereas the Comp. of Disb. / Encumbrances report reflected \$544,868. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction Maintenance Repair and Water funds for the years ended December 31, 2010 and 2009. We noted 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, 2010 and 2009 for the General, Street Construction Maintenance Repair and Water Fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2010 and 2009 Transfers Reports for evidence of interfund transfers. 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.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

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

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified the following projects: paving of Village streets, the Nassau/ Cedar Street Water Main Replacement Project and the Liberty Street Drainage Project, all exceeding \$25,000 and subject to Ohio Rev. Code Section 731.14. For these projects, we noted that Council advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the Village had road construction projects exceeding \$30,000 for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the County 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.



We did not receive a response from Officials to the exceptions reported above.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

July 1, 2011

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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 9, 2011