

**VILLAGE OF STOCKPORT**  
**AUDIT REPORT**  
**JANUARY 1, 2011 - DECEMBER 31, 2012**

**Wolfe, Wilson, & Phillips, Inc.**  
**37 South Seventh Street**  
**Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Stockport  
P.O. Box 158  
Stockport, Ohio 43787

We have reviewed the *Independent Auditors' Report* of the Village of Stockport, Morgan County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost  
Auditor of State

June 11, 2013

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**VILLAGE OF STOCKPORT  
MORGAN COUNTY  
JANUARY 1, 2011 - DECEMBER 31, 2012**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Mayor and Village Council  
Village of Stockport  
P.O. Box 158  
Stockport, Ohio 43787

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements and related notes of the Village of Stockport, Morgan County, as of and for the years ended December 31, 2012 and 2011.

**Management's Responsibility For the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Stockport as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Stockport, Morgan County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

### **Emphasis of a Matter**

As discussed in Note 3 to the financial statements, during 2011, the Village adopted new accounting guidance in Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2013, on our consideration of the Village of Stockport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
April 18, 2013



**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 16,314	\$ 7,718	\$ -	\$ -	\$ 24,032
Intergovernmental Receipts	15,603	20,973	-	-	36,576
Charges for Services	-	2,850	-	-	2,850
Earnings on Investments	1,514	317	-	14	1,845
Miscellaneous	9,530	5,150	-	-	14,680
<b>Total Cash Receipts</b>	<u>42,961</u>	<u>37,008</u>	<u>-</u>	<u>14</u>	<u>79,983</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	3,536	7,245	-	-	10,781
Public Health Services	3,778	1,310	-	-	5,088
Leisure Time Activities	2,667	3,658	-	-	6,325
Basic Utility Services	380	-	-	-	380
Transportation	-	15,327	-	-	15,327
General Government	52,768	1,344	-	-	54,112
Capital Projects	-	-	128	-	128
Debt Service:					
Principal	2,134	-	-	-	2,134
Interest	600	-	-	-	600
<b>Total Cash Disbursements</b>	<u>65,863</u>	<u>28,884</u>	<u>128</u>	<u>-</u>	<u>94,875</u>
<b>Excess of Cash Receipts Over (Under) Cash Disbursements</b>	(22,902)	8,124	(128)	14	(14,892)
<b>Other Financing Receipts and (Disbursements):</b>					
Other Financing Receipts	8,395	-	-	-	8,395
Note Proceeds	15,200	-	-	-	15,200
<b>Total Other Financing Receipts and (Disbursements)</b>	<u>23,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,595</u>
<b>Net Change in Fund Cash Balances</b>	693	8,124	(128)	14	8,703
<b>Fund Cash Balances, January 1</b>	<u>10,612</u>	<u>42,715</u>	<u>177</u>	<u>1,025</u>	<u>54,529</u>
<b>Fund Cash Balance, December 31,</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	50,840	49	39	50,928
Unassigned (Deficit)	11,306	-	-	-	11,306
<b>Fund Cash Balances, December 31,</b>	<u>\$ 11,305</u>	<u>\$ 50,839</u>	<u>\$ 49</u>	<u>\$ 1,039</u>	<u>\$ 63,232</u>

See notes to financial statements.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES-PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 158,354
Earnings on Investments	250
<b>Total Operating Cash Receipts</b>	<b>158,604</b>
<b>Operating Cash Disbursements:</b>	
Current:	
Personal Services	53,390
Fringe Benefits	9,650
Contractual Services	100,322
Supplies and Materials	50,459
Miscellaneous	18
<b>Total Operating Cash Disbursements</b>	<b>213,839</b>
<b>Operating Income/(Loss)</b>	<b>(55,235)</b>
<b>Non-Operating Cash Receipts (Disbursements)</b>	
Intergovernmental	220,000
Debt Proceeds	137,991
Capital Outlay	(303,283)
Debt Service:	
Principal	(4,730)
Interest	(382)
<b>Total Non-Operating Cash Receipts (Disbursements)</b>	<b>49,596</b>
<b>Net Change in Fund Cash Balance</b>	<b>(5,639)</b>
<b>Fund Cash Balances, January 1</b>	<b>46,497</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 40,858</b>

See notes to financial statements.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 17,804	\$ 9,266	\$ -	\$ -	\$ 27,070
Intergovernmental Receipts	23,498	17,541	-	-	41,039
Charges for Services	-	4,200	-	-	4,200
Earnings on Investments	1,072	241	-	12	1,325
Miscellaneous	4,079	4,263	-	-	8,342
<b>Total Cash Receipts</b>	<u>46,453</u>	<u>35,511</u>	<u>-</u>	<u>12</u>	<u>81,976</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	6,519	7,311	-	-	13,830
Public Health Services	3,406	3,632	-	9	7,047
Leisure Time Activities	96	4,225	-	-	4,321
Basic Utility Services	128	-	-	-	128
Transportation	-	21,832	-	-	21,832
General Government	29,482	-	-	-	29,482
Debt Service:					
Principal	202	-	-	-	202
Interest	76	-	-	-	76
<b>Total Cash Disbursements</b>	<u>39,909</u>	<u>37,000</u>	<u>-</u>	<u>9</u>	<u>76,918</u>
<b>Net Change in Fund Cash Balances</b>	6,544	(1,489)	-	3	5,058
<b>Fund Cash Balances, January 1</b>	<u>4,068</u>	<u>44,204</u>	<u>177</u>	<u>1,022</u>	<u>49,471</u>
<b>Fund Cash Balance, December 31, 2011</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	42,715	177	25	42,917
Unassigned (Deficit)	10,612	-	-	-	10,612
<b>Fund Cash Balances, December 31</b>	<u>\$ 10,612</u>	<u>\$ 42,715</u>	<u>\$ 177</u>	<u>\$ 1,025</u>	<u>\$ 54,529</u>

See notes to financial statements.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES-PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 142,152
Earnings on Investments	120
<b>Total Operating Cash Receipts</b>	<b>142,272</b>
<b>Operating Cash Disbursements:</b>	
Current:	
Personal Services	45,209
Fringe Benefits	9,053
Contractual Services	51,367
Supplies and Materials	28,877
Miscellaneous	2,512
<b>Total Operating Cash Disbursements</b>	<b>137,018</b>
<b>Operating Income/(Loss)</b>	<b>5,254</b>
<b>Non-Operating Cash Disbursements</b>	
Debt Service:	
Principal	4,242
Interest	539
<b>Total Non-Operating Cash Disbursements</b>	<b>4,781</b>
<b>Net Change in Fund Cash Balances</b>	<b>473</b>
<b>Fund Cash Balances, January 1</b>	<b>46,024</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 46,497</b>

See notes to financial statements.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Stockport, Morgan County, (the Village) as a body corporate and politic. A publically-elected six-member Council directs the Village. The Village provides for maintenance of streets and cemeteries, water and sewer utilities, park operations, street light services and fire protection. The Village contracts with the Stockport Volunteer Fire Department to provide fire protection services.

The Village participates in the Ohio Plan Risk Management, Inc. public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual contributions to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**General Fund**

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 Fund** – This fund receives gasoline tax monies and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

**Fire Levy Fund** – This fund is used to account for property tax monies to provide fire protection.

**Capital Projects 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 Capital Projects Fund.

**Capital Improvement Fund** – This fund is used to account for monies to provide for capital improvements within the Village.

**Enterprise Funds**

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

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

**Sewer Fund** – This fund receives charges for services from residents to cover sewer service costs..

**Permanent Fund**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

**A.L. Smith Trust Fund** – This fund accounts for inherited monies and the related interest income for the purpose of maintaining graves.

**E. Budgetary Process**

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

**Appropriations**

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. 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 also 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 2012 and 2011 budgetary activity appears in Note 4.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**5. Unassigned**

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

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

**G Property, Plant and Equipment**

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

**G. 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.

**2. EQUITY IN POOLED CASH**

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

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$ 104,091</u>	<u>\$ 101,026</u>

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

**3. CHANGE IN ACCOUNTING PRINCIPLE**

In 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.



**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,000	\$ 66,556	\$ 6,556
Special Revenue	37,000	37,008	8
Capital Projects	177	-	(177)
Enterprise	466,000	516,595	50,595
Permanent	100	14	(86)
Total	<u>\$ 563,277</u>	<u>\$ 620,173</u>	<u>\$ 56,896</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 68,676	\$ 65,863	\$ 2,813
Special Revenue	79,714	28,884	50,830
Capital Projects	177	128	49
Enterprise	557,200	522,234	34,966
Permanent	125	-	125
Total	<u>\$ 705,892</u>	<u>\$ 617,109</u>	<u>\$ 88,783</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,000	\$ 46,453	\$ 6,453
Special Revenue	38,750	35,511	(3,239)
Enterprise	146,500	142,272	(4,228)
Permanent	100	12	(88)
Total	<u>\$ 225,350</u>	<u>\$ 224,248</u>	<u>\$ (1,102)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 44,068	\$ 39,909	\$ 4,159
Special Revenue	82,954	37,000	45,954
Capital Projects	176	-	176
Enterprise	192,523	141,799	50,724
Permanent	122	9	113
Total	<u>\$ 319,843</u>	<u>\$ 218,717</u>	<u>\$ 101,126</u>

Contrary to 5705.41(D), the Village had instances where invoices were dated prior to certification.

Contrary to 5705.39, the Village's Sewer Fund had appropriations greater than estimated resources in 2012.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**6. DEBT**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest rate</u>
First National Bank – Dump Truck Loan 2010	\$ 10,176	4.50%
First National Bank – Gym Repairs Loan 2012	13,368	5.00%
Ohio Water Development Authority Loan 6161	80,185	3.67%
Ohio Public Works Commission Loan CR23N	57,806	0.00%
Total	<u>\$ 161,535</u>	

The Village entered into a loan agreement in 2010 for the purchase of a Village Dump Truck. The equipment purchased collateralized the loan. This loan is paid in monthly installments of \$434.73.

The Village entered into a loan agreement in 2012 for the renovations of the gym. The loan is collateralized by the Village’s assets. The loan is paid in monthly installments of \$286.84.

The OWDA loan was obtained in 2012 for WWTP Improvements design. The loan was approved for \$179,652 with \$80,185 drawn down in 2012. The loan has interest at 3.67%. No amortization schedule has been established as of December 31, 2012.

The OPWC loan was obtained in 2012 for a water storage replacement project. It is a 0% loan. The loan will be repaid bi-annually with payments of \$963.44.

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

Year ending December 31:	<u>Dump Truck</u>	<u>Gym</u>	<u>OPWC</u>
2013	\$ 5,217	\$ 3,442	\$ 1,926
2014	5,217	3,442	1,926
2015	1,739	3,442	1,926
2016	-	3,442	1,926
2017	-	1,434	1,926
2018-2022	-	-	9,630
2023-2027	-	-	9,630
2028-2032	-	-	9,630
2033-2037	-	-	9,630
2038-2042	-	-	9,656
Total	<u>\$ 12,173</u>	<u>\$ 15,202</u>	<u>\$ 57,806</u>

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**7. RETIREMENT SYSTEMS**

The Village’s full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2012 and 2011, PERS members contributed 10.0% of their wages, respectively. The Village contributed an amount equal to 14.00% of participant’s gross salaries for 2012 and 2011, respectively. The Village has paid all contributions required through December 31, 2012.

**8. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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

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 premiums are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010, respectively.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	2011	2010
Assets	\$ 12,501,280	\$ 12,036,541
Liabilities	(5,328,761)	(4,845,056)
Retained Earnings	\$ 7,172,519	\$ 7,191,485

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. Management believes such refunds, if any, would not be material.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mayor and Village Council  
Village of Stockport  
P.O. Box 158  
Stockport, Ohio 43787

To The Village Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Stockport, Morgan County, Ohio, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 18, 2013, wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. As stated in Note 3, the Village has implemented GASB Statement No.54 "*Fund balance Reporting and Governmental Fund Type Definitions*" during 2012 and 2011.

***Internal Control Over Financial Reporting***

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

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

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

We noted other matters involving internal control over financial reporting, which we have reported to management of the Village of Stockport in a separate letter dated April 18, 2013.

***Compliance and Other Matters***

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

We noted certain immaterial instances of noncompliance that we have reported to the management of Village of Stockport in a separate letter dated April 18, 2013.

***Purpose of this Report***

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

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
April 18, 2013



# Dave Yost • Auditor of State

**VILLAGE OF STOCKPORT**

**MORGAN 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  
JUNE 25, 2013**