



**VILLAGE OF STOCKPORT  
MORGAN COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Members of the Council  
Village of Stockport  
1685 Broadway Street  
Stockport, Ohio 43787

We have reviewed the *Independent Auditor's Report* of the Village of Stockport, Morgan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. 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.

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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 19, 2021

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VILLAGE OF STOCKPORT  
MORGAN COUNTY

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313 Second St.  
Marietta, OH 45750  
740.373.0066

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

October 27, 2021

Village of Stockport  
Morgan County  
1685 Broadway Street  
Stockport, Ohio 43787

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Stockport, Morgan County, Ohio (the Village).

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such 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.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, as discussed in Note 14, during 2020, the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As discussed in Note 13, the Village restated beginning fund balance of the Permanent and Private Purpose Trust Funds at January 1, 2019 to correct improper fund classification. We did not modify our opinions regarding these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 16,849	\$ 6,510	\$ -	\$ 23,359
Intergovernmental	22,407	85,029	-	107,436
Charges for Services	-	3,325	-	3,325
Earnings on Investments	1,270	2,478	-	3,748
Miscellaneous	7,384	2,550	9,577	19,511
<i>Total Cash Receipts</i>	<u>47,910</u>	<u>99,892</u>	<u>9,577</u>	<u>157,379</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	7,200	13,567	-	20,767
Public Health Services	3,450	4,954	-	8,404
Leisure Time Activities	1,468	4,596	-	6,064
Basic Utility Services	439	-	-	439
Transportation	-	8,313	-	8,313
General Government	20,053	38,503	-	58,556
Capital Outlay	-	-	8,800	8,800
Debt Service:				
Principal Retirement	-	2,574	-	2,574
<i>Total Cash Disbursements</i>	<u>32,610</u>	<u>72,507</u>	<u>8,800</u>	<u>113,917</u>
<i>Net Change in Fund Cash Balances</i>	15,300	27,385	777	43,462
<i>Fund Cash Balances, January 1</i>	<u>13,588</u>	<u>79,255</u>	<u>19,285</u>	<u>112,128</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 28,888</u>	<u>\$ 106,640</u>	<u>\$ 20,062</u>	<u>\$ 155,590</u>

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 216,759
Miscellaneous	962
	<u>217,721</u>
<i>Total Operating Cash Receipts</i>	<u>217,721</u>
<b>Operating Cash Disbursements</b>	
Personal Services	75,210
Employee Fringe Benefits	14,198
Contractual Services	44,962
Supplies and Materials	33,950
Other	438
	<u>168,758</u>
<i>Total Operating Cash Disbursements</i>	<u>168,758</u>
<i>Operating Income (Loss)</i>	<u>48,963</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(21,498)
Interest and Other Fiscal Charges	(3,046)
Other Financing Sources	566
	<u>(23,978)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(23,978)</u>
<i>Net Change in Fund Cash Balances</i>	24,985
<i>Fund Cash Balances, January 1</i>	<u>90,284</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 115,269</u>

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

VILLAGE OF STOCKPORT  
MORGAN COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Additions</b>	
Earnings on Investments (trust funds only)	\$ 71
<i>Total Additions</i>	<u>71</u>
Net Change in Fund Balances	71
<i>Fund Cash Balances, January 1</i>	<u>1,215</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,286</u>

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 1 – Reporting Entity**

The Village of Stockport (the Village), Morgan 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 and sewer utilities and general government activities. The Village contracts with the Stockport Volunteer Fire Department to receive fire protection services.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that 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 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 Fund – This 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.

State Highway Fund – This fund accounts for and reports the portion of the state gasoline and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village. This includes Traffic Signs repair/replacement, painting of pedestrian walking lines and the upkeep of the landscaping around the state highways.

Coronavirus Relief Fund – This fund receives CARES Act monies for expenses related to the COVID-19 pandemic and the continuing emergency measures.

VILLAGE OF STOCKPORT  
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)

**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:

Gym Projects Fund – This fund accounts for monies collected from rent to provide capital improvements to the community center.

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

Water Fund – This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users 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.

The Village's private purpose trust fund is for the benefit of certain individuals.

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

VILLAGE OF STOCKPORT  
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)

**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 2020 budgetary activity appears in Note 4.

***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.

The Village invests all available funds in an interest-bearing checking account. Interest earned is recognized and recorded when received.

***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.

***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 STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**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*. 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.

**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 13.

**Note 3 – Compliance**

Contrary to Ohio law, actual receipts in the General, Gym Projects, Water, and Sewer Funds fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount for the year ended December 31, 2020.

Contrary to Ohio law, appropriation authority exceeded estimated resources for the Coronavirus Relief Fund for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 50,000	\$ 47,910	\$ (2,090)
Special Revenue	43,700	99,892	56,192
Capital Projects	10,000	9,577	(423)
Enterprise	260,000	218,287	(41,713)
Fiduciary	-	71	71
Total	\$ 363,700	\$ 375,737	\$ 12,037

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 4 – Budgetary Activity (Continued)**

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,743	\$ 33,974	\$ 27,769
Special Revenue	144,449	85,716	58,733
Capital Projects	29,284	8,800	20,484
Enterprise	350,283	197,241	153,042
Total	\$ 585,759	\$ 325,731	\$ 260,028

**Note 5 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2020 was as follows:

Demand deposits	\$ 272,145
Total deposits	\$ 272,145

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$1,923 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

At December 31, 2020, \$24,990 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due 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.

**Note 7 – Risk Management**

***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.



**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 7 – Risk Management (Continued)**

***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 Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

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

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 9 – Postemployment Benefits**

OPERS offers 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CR23N	\$ 43,355	0.00%
OPWC - CT50Q	408,666	0.00%
OWDA 7988	345,725	0.08%
	<u>\$ 797,746</u>	

The First National Bank loan 62113816 related to a purchase of a zero turn mower. The First National Bank approved \$6,156 in a loan to the Village for the mower. The Village was repaying the loan in monthly installments of \$139.03 over 4 years. This loan was paid off in 2020.

The Ohio Public Works Commission (OPWC) loan CR23N relates to the Water Storage Replacement Project the Ohio Environmental Protection Agency mandated. The OPWC approved \$57,806.58 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$963.44 over 30 years.

The Ohio Public Works Commission (OPWC) loan CT50Q relates to the Water Treatment Plant Replacement project the Ohio Environmental Protection Agency mandated. The OPWC approved \$490,399.48 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$7,173.32 over 30 years.

The Ohio Water Development Authority (OWDA) loan 7988 relates to water and sewer improvements. OWDA approved \$360,320 in proceeds which are to be repaid over a period of 30 years in semi-annual installments at an interest rate of 0.08%. This loan has not been finalized and no amortization schedule is currently available.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 10 – Debt (Continued)**

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

Year Ending December 31	OPWC Loans
2021	\$ 18,274
2022	18,274
2023	18,274
2024	18,274
2025	18,274
2026-2030	91,368
2031-2035	91,368
2036-2040	91,368
2041-2045	86,547
Total	\$ 452,021

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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	Total
Nonspendable:			
Unclaimed Monies	\$ -	\$ -	\$ -
Corpus	-	-	-
Outstanding Encumbrances	1,364	13,209	14,573
<i>Total</i>	\$ 1,364	\$ 13,209	\$ 14,573

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 13 – Fund Balances (Continued)**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 15,345	\$ 5,838	\$ -	\$ 21,183
Intergovernmental	22,321	28,690	-	51,011
Charges for Services	-	4,149	-	4,149
Earnings on Investments	1,104	2,034	-	3,138
Miscellaneous	3,113	4,375	11,556	19,044
<i>Total Cash Receipts</i>	<u>41,883</u>	<u>45,086</u>	<u>11,556</u>	<u>98,525</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	6,995	96	-	7,091
Public Health Services	3,998	4,866	-	8,864
Leisure Time Activities	1,633	3,672	-	5,305
Basic Utility Services	636	-	-	636
Transportation	-	10,315	-	10,315
General Government	46,612	-	-	46,612
Capital Outlay	-	-	12,411	12,411
<i>Total Cash Disbursements</i>	<u>59,874</u>	<u>18,949</u>	<u>12,411</u>	<u>91,234</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,991)</u>	<u>26,137</u>	<u>(855)</u>	<u>7,291</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	-	-	3,673	3,673
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>3,673</u>	<u>3,673</u>
<i>Net Change in Fund Cash Balances</i>	(17,991)	26,137	2,818	10,964
<i>Fund Cash Balances, January 1 (Restated-See Note 13)</i>	<u>31,579</u>	<u>53,118</u>	<u>16,467</u>	<u>101,164</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	79,255	19,285	98,540
Assigned	11,743	-	-	11,743
Unassigned	1,845	-	-	1,845
<i>Fund Cash Balances, December 31</i>	<u>\$ 13,588</u>	<u>\$ 79,255</u>	<u>\$ 19,285</u>	<u>\$ 112,128</u>

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 201,541	\$ -	\$ 201,541
Earnings on Investments (trust funds only)	-	95	95
Miscellaneous	4,661	-	4,661
<i>Total Operating Cash Receipts</i>	<u>206,202</u>	<u>95</u>	<u>206,297</u>
<b>Operating Cash Disbursements</b>			
Personal Services	81,831	-	81,831
Employee Fringe Benefits	13,848	-	13,848
Contractual Services	53,684	-	53,684
Supplies and Materials	29,778	-	29,778
<i>Total Operating Cash Disbursements</i>	<u>179,141</u>	<u>-</u>	<u>179,141</u>
<i>Operating Income (Loss)</i>	<u>27,061</u>	<u>95</u>	<u>27,156</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Debt Proceeds	119,994	-	119,994
Capital Outlay	(127,560)	-	(127,560)
Principal Retirement	(29,109)	-	(29,109)
Interest and Other Fiscal Charges	(2,085)	-	(2,085)
Other Financing Sources	2,898	-	2,898
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(35,862)</u>	<u>-</u>	<u>(35,862)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,801)</u>	<u>95</u>	<u>(8,706)</u>
<i>Fund Cash Balances, January 1 (Restated-See Note 13)</i>	<u>99,085</u>	<u>1,120</u>	<u>100,205</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 90,284</u>	<u>\$ 1,215</u>	<u>\$ 91,499</u>

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

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1 – Reporting Entity**

The Village of Stockport (the Village), Morgan 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 and sewer utilities and general government activities. The Village contracts with the Stockport Volunteer Fire Department to receive fire protection services.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that 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 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 Fund – This 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.

State Highway Fund – This fund accounts for and reports the portion of the state gasoline and motor vehicle license registration fees restricted for construction, maintenance and repair of the state highway within the Village. This includes Traffic Signs repair/replacement, painting of pedestrian walking lines and the upkeep of the landscaping around the state highways.

Cemetery Fund – This fund accounts for and reports monies received for the sale of lots.

Fire Protection Fund – This fund accounts for and reports property and other tax revenues that are restricted to fund fire protection services.

VILLAGE OF STOCKPORT  
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**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:

Gym Projects Fund – This fund accounts for monies collected from rent to provide capital improvements to the community center.

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

Water Fund – This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

The Village's private purpose trust fund is for the benefit of certain individuals.

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.



VILLAGE OF STOCKPORT  
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**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. The Village did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 4.

***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.

The Village invests all available funds in an interest-bearing checking account. Interest earned is recognized and recorded when received.

***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.

***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 STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**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*. 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.

**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.

**Note 3 – Compliance**

Contrary to Ohio law, the Village did not certify to the County Auditor the total amount from all sources available for expenditures from each fund for the year ended December 31, 2019. This caused appropriation authority to exceed the allowable amounts for all funds for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 41,883	\$ 41,883
Special Revenue	-	45,086	45,086
Capital Projects	-	15,229	15,229
Enterprise	-	329,094	329,094
Fiduciary	-	95	95
Total	\$ -	\$ 431,387	\$ 431,387

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,445	\$ 59,961	\$ 28,484
Special Revenue	50,605	18,949	31,656
Capital Projects	13,900	12,411	1,489
Enterprise	346,305	339,453	6,852
Total	\$ 499,255	\$ 430,774	\$ 68,481

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**Note 5 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

Demand deposits	\$ 203,627
Total deposits	<u>\$ 203,627</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due 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.

**Note 7 – Risk Management**

***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.

***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.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**Note 7 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

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. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members’ Equity	<u>\$ 4,591,493</u>

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village’s 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

OPERS offers 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**Note 10 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
FNB - Mower	\$ 4,089	4.00%
OPWC - CR23N	44,318	0.00%
OPWC - CT50Q	416,840	0.00%
OWDA 7988	356,571	0.08%
	\$ 821,818	

The First National Bank loan 62113816 related to a purchase of a zero turn mower. The First National Bank approved \$6,156 in a loan to the Village for the mower. The Village is repaying the loan in monthly installments of \$139.03 over 4 years.

The First National Bank 62111933 relates to a purchase of a truck. The First National Bank approved \$16,797 in a loan to the Village for the truck. The Village was repaying the loan in monthly installments of \$371.05 over 4 years. This loan was paid off in 2019. The prior audit balance was incorrectly stated as \$4,314. The correct amount outstanding as of December 31, 2018 was \$3,971.

The Ohio Public Works Commission (OPWC) loan CR23N relates to the Water Storage Replacement Project the Ohio Environmental Protection Agency mandated. The OPWC approved \$57,806.58 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$963.44 over 30 years.

The Ohio Public Works Commission (OPWC) loan CT50Q relates to the Water Treatment Plant Replacement project the Ohio Environmental Protection Agency mandated. The OPWC approved \$490,399.48 in a loan to the Village for this project. The Village is repaying the loan in semiannual installments of \$7,173.32 over 30 years.

The Ohio Water Development Authority (OWDA) loan 7988 relates to water and sewer improvements. OWDA approved \$360,320 in proceeds which are to be repaid over a period of 30 years in semi-annual installments at an interest rate of 0.08%. This loan has not been finalized and no amortization schedule is currently available. This OWDA loan was omitted from the prior audit. The correct amount outstanding as of December 31, 2018 was \$241,968.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)**

**Note 10 – Debt (Continued)**

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

Year Ending December 31	FNB Loan	OPWC Loans
2020	\$ 1,668	\$ 9,137
2021	1,668	18,274
2022	834	18,274
2023	-	18,274
2024	-	18,274
2025-2029	-	91,368
2030-2034	-	91,368
2035-2039	-	91,368
2040-2044	-	88,475
2045-2049	-	16,346
Total	\$ 4,170	\$ 461,158

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Restatement**

The restatement is due to the Village properly classifying the A.L. Smith Fund in accordance with the original will.

	Permanent Fund	Private Purpose Trust Fund
Fund Balance at December 31, 2018	\$ 1,120	\$ -
Change in Fund Balance	(1,120)	1,120
Adjusted Fund Balance at January 1, 2019	\$ -	\$ 1,120



313 Second St.  
Marietta, OH 45760  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

October 27, 2021

Village of Stockport  
Morgan County  
1685 Broadway Street  
Stockport, Ohio 43787

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the **Village of Stockport**, Morgan County, (the Village) and have issued our report thereon dated October 27, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. We also noted that the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We also noted that the Village restated beginning fund balance of the Permanent and Private Purpose Trust Funds at January 1, 2019 to correct improper fund classification.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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***Internal Control Over Financial Reporting (Continued)***

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-002.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- A debt payment for the payoff of a loan was misclassified as Transportation instead of Principal Retirement in the State Highway Fund in 2020;
- OWDA debt payments were misclassified as Contractual Services instead of Principal Retirement and Interest and Other Fiscal Charges in the Water and Sewer Funds in 2020 and 2019;
- OWDA debt proceeds and capitalized interest were not recorded in the Water and Sewer Funds in 2019;
- A rollback receipt was misclassified as Property and Other Taxes instead of Intergovernmental in the General and Fire Levy Funds in 2020;
- Property tax receipts were incorrectly recorded at net instead of gross in the General and Fire Levy Funds in 2020 and 2019;
- Property tax receipts were not correctly allocated based on the County Auditor Settlement Sheets in the General and Fire Levy Funds in 2019;
- Gasoline tax and auto license tax receipts were not properly allocated among the Street and State Highway Funds in 2020 and 2019;
- Grant receipts were misclassified as Charges for Services instead of Intergovernmental in the Fire Levy Fund in 2020 and 2019;
- Various receipts were misclassified as Other Financing Sources instead of Miscellaneous in the General Fund in 2020;
- Gym rental receipts were misclassified as Charges for Services instead of Miscellaneous in the Gym Projects Fund in 2019; and
- Sale of truck and backhoe receipts were misclassified as Other Financing Sources instead of Sale of Capital Assets in the Gym Projects Fund in 2019.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and an adjustment. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – I will accept the recommendations going forward and make necessary changes.

VILLAGE OF STOCKPORT  
MORGAN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-002

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violations of 5705.36** – Actual receipts fell below budgeted receipts which caused appropriation authority to exceed allowable amounts in the General, Gym Projects, Water, and Sewer Funds in 2020; and the Village did not file the required certificate of estimated resources with the County Auditor for 2019;
- **Violations of 5705.39** – Appropriation authority exceeded the allowable amount in the Coronavirus Relief Fund in 2020 and all funds in 2019; and
- **Violations of 5705.41(D)** – The Village did not properly encumber all commitments as required by Ohio law in 2019.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – I will accept the recommendations going forward and make necessary changes.

**VILLAGE OF STOCKPORT  
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements and Fund Balances	Not Corrected	Repeated as Finding 2020-001
2018-002	Ohio Rev. Code Section 5705.41(B)	Fully Corrected	N/A
2018-003	Posting Estimated Receipts and Appropriations	Not Corrected	Repeated as Finding 2020-002
2018-004	Ohio Rev. Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2020-002
2018-005	Ohio Rev. Code Section 149.351	Fully Corrected	N/A
2018-006	Utility Adjustments	Partially Corrected	Moved to Management Letter

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF STOCKPORT**

**MORGAN 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 12/2/2021**

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](http://www.ohioauditor.gov)