



Dave Yost • Auditor of State

VILLAGE OF STOCKPORT
MORGAN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Stockport
Morgan County
1685 Broadway Street
Stockport, Ohio 43787-0158

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, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

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 § 117.38 and Ohio Administrative Code § 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 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 opinion.

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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, 2014 and 2013 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, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Award Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015

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**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | General | Special Revenue | Capital Projects | Permanent | Totals (Memorandum Only) |
|---|-----------------|--------------------|---------------------|----------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$15,058 | \$6,341 | \$0 | \$0 | \$21,399 |
| Intergovernmental | 15,791 | 23,820 | 0 | 0 | 39,611 |
| Charges for Services | 0 | 3,875 | 0 | 0 | 3,875 |
| Earnings on Investments | 1,237 | 256 | 0 | 13 | 1,506 |
| Miscellaneous | 5,645 | 5,180 | 0 | 0 | 10,825 |
| <i>Total Cash Receipts</i> | <u>37,731</u> | <u>39,472</u> | <u>0</u> | <u>13</u> | <u>77,216</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 6,462 | 7,063 | 0 | 0 | 13,525 |
| Public Health Services | 3,628 | 1,517 | 0 | 0 | 5,145 |
| Leisure Time Activities | 630 | 3,603 | 0 | 0 | 4,233 |
| Basic Utility Services | 885 | 0 | 0 | 0 | 885 |
| Transportation | 0 | 20,039 | 0 | 0 | 20,039 |
| General Government | 34,479 | 1,291 | 0 | 0 | 35,770 |
| Capital Outlay | 0 | 2,896 | 0 | 0 | 2,896 |
| Debt Service: | | | | | |
| Principal Retirement | 2,729 | 0 | 0 | 0 | 2,729 |
| Interest and Fiscal Charges | 170 | 0 | 0 | 0 | 170 |
| <i>Total Cash Disbursements</i> | <u>48,983</u> | <u>36,409</u> | <u>0</u> | <u>0</u> | <u>85,392</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(11,252)</u> | <u>3,063</u> | <u>0</u> | <u>13</u> | <u>(8,176)</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Other Financing Sources | 7,674 | 0 | 0 | 0 | 7,674 |
| Other Financing Uses | 0 | 0 | (49) | 0 | (49) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>7,674</u> | <u>0</u> | <u>(49)</u> | <u>0</u> | <u>7,625</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(3,578)</u> | <u>3,063</u> | <u>(49)</u> | <u>13</u> | <u>(551)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>5,387</u> | <u>48,976</u> | <u>49</u> | <u>1,052</u> | <u>55,464</u> |
| Fund Cash Balances, December 31 | | | | | |
| Nonspendable | 0 | 0 | 0 | 1,065 | 1,065 |
| Restricted | 0 | 52,039 | 0 | 0 | 52,039 |
| Unassigned (Deficit) | 1,809 | 0 | 0 | 0 | 1,809 |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,809</u> | <u>\$52,039</u> | <u>\$0</u> | <u>\$1,065</u> | <u>\$54,913</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 (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Proprietary Fund Type</u> |
|---|----------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$163,087 |
| Miscellaneous | <u>3</u> |
| <i>Total Operating Cash Receipts</i> | <u>163,090</u> |
| Operating Cash Disbursements | |
| Personal Services | 46,038 |
| Employee Fringe Benefits | 8,904 |
| Contractual Services | 67,725 |
| Supplies and Materials | 26,600 |
| Other | <u>1,280</u> |
| <i>Total Operating Cash Disbursements</i> | <u>150,547</u> |
| <i>Operating Income (Loss)</i> | <u>12,543</u> |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental | 1,159,098 |
| Other Debt Proceeds | 250,418 |
| Capital Outlay | (1,412,895) |
| Principal Retirement | (16,605) |
| Interest and Other Fiscal Charges | (400) |
| Other Financing Sources | <u>4,945</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(15,439)</u> |
| <i>Net Change in Fund Cash Balances</i> | (2,896) |
| <i>Fund Cash Balances, January 1</i> | <u>23,755</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$20,859</u></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 (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | General | Special Revenue | Capital Projects | Permanent | Totals (Memorandum Only) |
|--|-----------------|--------------------|---------------------|----------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$15,025 | \$6,305 | \$0 | \$0 | \$21,330 |
| Intergovernmental | 14,032 | 20,958 | 0 | 0 | 34,990 |
| Charges for Services | 0 | 3,200 | 0 | 0 | 3,200 |
| Earnings on Investments | 1,058 | 269 | 0 | 13 | 1,340 |
| Miscellaneous | 7,556 | 4,653 | 0 | 0 | 12,209 |
| <i>Total Cash Receipts</i> | <u>37,671</u> | <u>35,385</u> | <u>0</u> | <u>13</u> | <u>73,069</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 8,370 | 7,010 | 0 | 0 | 15,380 |
| Public Health Services | 4,207 | 1,945 | 0 | 0 | 6,152 |
| Leisure Time Activities | 1,487 | 4,224 | 0 | 0 | 5,711 |
| Basic Utility Services | 380 | 23,864 | 0 | 0 | 24,244 |
| Transportation | 0 | 205 | 0 | 0 | 205 |
| General Government | 38,231 | 0 | 0 | 0 | 38,231 |
| Debt Service: | | | | | |
| Principal Retirement | 2,954 | 0 | 0 | 0 | 2,954 |
| Interest and Fiscal Charges | 624 | 0 | 0 | 0 | 624 |
| <i>Total Cash Disbursements</i> | <u>56,253</u> | <u>37,248</u> | <u>0</u> | <u>0</u> | <u>93,501</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(18,582)</u> | <u>(1,863)</u> | <u>0</u> | <u>13</u> | <u>(20,432)</u> |
| Other Financing Receipts | | | | | |
| Other Financing Sources | 12,664 | 0 | 0 | 0 | 12,664 |
| <i>Total Other Financing Receipts</i> | <u>12,664</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>12,664</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(5,918)</u> | <u>(1,863)</u> | <u>0</u> | <u>13</u> | <u>(7,768)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>11,305</u> | <u>50,839</u> | <u>49</u> | <u>1,039</u> | <u>63,232</u> |
| Fund Cash Balances, December 31 | | | | | |
| Restricted | 0 | 48,976 | 49 | 0 | 49,025 |
| Assigned | 5,173 | 0 | 0 | 0 | 5,173 |
| Unassigned (Deficit) | 214 | 0 | 0 | 1,052 | 1,266 |
| <i>Fund Cash Balances, December 31</i> | <u>\$5,387</u> | <u>\$48,976</u> | <u>\$49</u> | <u>\$1,052</u> | <u>\$55,464</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 (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Proprietary Fund Type</u> |
|---|----------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$164,786 |
| Miscellaneous | 720 |
| | <u>165,506</u> |
| <i>Total Operating Cash Receipts</i> | <u>165,506</u> |
| Operating Cash Disbursements | |
| Personal Services | 52,822 |
| Employee Fringe Benefits | 12,328 |
| Contractual Services | 145,449 |
| Supplies and Materials | 27,139 |
| Other | 2,835 |
| | <u>240,573</u> |
| <i>Total Operating Cash Disbursements</i> | <u>240,573</u> |
| <i>Operating Income (Loss)</i> | <u>(75,067)</u> |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental | 165,958 |
| Other Debt Proceeds | 80,410 |
| Capital Outlay | (33,262) |
| Principal Retirement | (154,722) |
| Interest and Other Fiscal Charges | (420) |
| | <u>57,964</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>57,964</u> |
| <i>Net Change in Fund Cash Balances</i> | (17,103) |
| <i>Fund Cash Balances, January 1</i> | <u>40,858</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$23,755</u></u> |

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

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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. Accounting Basis

This financial statement follows 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. 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 had one primary, interest bearing checking account during the audit period.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax monies and motor vehicle license tax monies for constructing, maintaining and repairing Village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

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

4. 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.

5. Permanent Funds

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 the Village to adopt a budget for each fund annually

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

The Village must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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.

3. 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 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into four 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. 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. 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.

H. 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 Deposits

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>2014</u> | <u>2013</u> |
| Demand deposits | <u>\$75,772</u> | <u>\$79,219</u> |

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2014 follows:

| 2014 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$46,200 | \$45,405 | (\$795) |
| Special Revenue | 36,100 | 39,472 | 3,372 |
| Enterprise | 1,221,100 | 1,577,551 | 356,451 |
| Permanent | 100 | 13 | (87) |
| Total | \$1,303,500 | \$1,662,441 | \$358,941 |

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

| 2014 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$51,372 | \$48,983 | \$2,389 |
| Special Revenue | 57,040 | 36,409 | 20,631 |
| Capital Projects | 49 | 49 | 0 |
| Enterprise | 1,573,672 | 1,580,447 | (6,775) |
| Permanent | 25 | 0 | 25 |
| Total | <u>\$1,682,158</u> | <u>\$1,665,888</u> | <u>\$16,270</u> |

| 2013 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$42,000 | \$50,335 | \$8,335 |
| Special Revenue | 36,900 | 35,385 | (1,515) |
| Enterprise | 190,217 | 411,874 | 221,657 |
| Permanent | 100 | 13 | (87) |
| Total | <u>\$269,217</u> | <u>\$497,607</u> | <u>\$228,390</u> |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$52,964 | \$56,253 | (\$3,289) |
| Special Revenue | 87,583 | 37,248 | 50,335 |
| Capital Projects | 48 | 0 | 48 |
| Enterprise | 231,034 | 428,977 | (197,943) |
| Permanent | 139 | 0 | 139 |
| Total | <u>\$371,768</u> | <u>\$522,478</u> | <u>(\$150,710)</u> |

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated resources in the Sewer Enterprise Fund at December 31, 2014. Also, contrary to Ohio Rev. Code § 5705.41(B), expenditures exceeded appropriations in the General Fund and Sewer Enterprise Fund during and at December 31, 2014 and 2013.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village 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 statement includes 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.

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.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. Debt

Debt outstanding at December 31, 2014 was as follows:

| | Principal | Interest Rate |
|---|-----------|---------------|
| First National Bank - Gym Repairs Loan 2012 | \$7,540 | 5.00% |
| First National Bank - X Mower Loan 2013 | 5,067 | 4.12% |
| Ohio Public Works Commission Loan CR23N | 52,989 | 0% |
| Ohio Public Works Commission Loan CT50Q | 340,086 | 0% |
| Total | \$405,682 | |

The Village obtained a five-year loan for \$15,200 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 Village obtained a five-year loan for \$7,350 in 2012 for the purchase of a mower. The loan is collateralized by the Village's assets. The loan is paid in monthly installments of \$135.78.

OPWC CR23N loan for \$57,807 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.

OPWC CT50Q loan was obtained in 2014 for a water treatment plant replacement project. The loan was approved up to \$500,000 with the drawdown amount of \$340,086 as of December 31, 2014. It is a 0% loan. No amortization schedule has been established.

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

| Year ending December 31: | Gym Repairs Loan | X Mower Loan | OPWC Loan CR23N |
|-----------------------------|---------------------|-----------------|--------------------|
| 2015 | \$3,442 | \$1,629 | \$963 |
| 2016 | 3,442 | 1,629 | 1,927 |
| 2017 | 1,434 | 1,629 | 1,927 |
| 2018 | | 544 | 1,927 |
| 2019 | | | 1,927 |
| 2020-2024 | | | 9,634 |
| 2025-2029 | | | 9,634 |
| 2030-2034 | | | 9,634 |
| 2035-2039 | | | 9,634 |
| 2040-2044 | | | 5,782 |
| Total | \$8,318 | \$5,431 | \$52,989 |

6. 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. For 2014, 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, 2014.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government 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 § 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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 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 fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

| | <u>2013</u> | <u>2014</u> |
|-----------------|--------------------|--------------------|
| Assets | \$13,774,304 | \$14,830,185 |
| Liabilities | (7,968,395) | (8,942,504) |
| Members' Equity | <u>\$5,805,909</u> | <u>\$5,887,681</u> |

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

8. Contingent Liabilities

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

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VILLAGE OF STOCKPORT
MORGAN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Pass-Through Entity Number | Disbursements |
|--|---------------------------|-------------------------------|-------------------|
| UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Pass-Through Ohio Department of Development:</i> | | | |
| Community Development Block Grant - State's Program | 14.228 | C-W-12-2MF-1 | \$ 580,000 |
| Total United States Department of Housing and Urban Development | | | 580,000 |
| Total Federal Awards Expenditures | | | \$ 580,000 |

The Notes to the Schedule of Federal Awards Expenditures are an integral part of the Schedule.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Village's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Village of Stockport
Morgan County
1685 Broadway Street
Stockport, Ohio 43787-0158

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 Village of Stockport, Morgan County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 15, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village'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 statement, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 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. We consider findings 2014-003 and 2014-004, described in the accompanying Schedule of Findings, 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 determination of financial statement amounts.

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www.ohioauditor.gov

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2014-001 through 2014-004.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses 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 communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Village of Stockport
Morgan County
1685 Broadway Street
Stockport, Ohio 43787-0158

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Stockport, Morgan County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as items 2014-005 and 2014-006. These findings did not require us to modify our compliance opinion on the major federal program.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2014-005 and 2014-006 to be material weaknesses.

The Village's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(iii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | Yes |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | Yes |
| <i>(d)(1)(vii)</i> | Major Program: <ul style="list-style-type: none"> • Community Development Block Grants – State's Program – CFDA #14.228 | |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources.

Formally adopted appropriations exceeded estimated resources for the Sewer Fund by \$330,000 at December 31, 2014. This resulted because amendments were posted to the accounting system with no indication of Council approval.

The Fiscal Officer and Council monitor estimated revenue and appropriations to ensure that appropriations are within estimated resources and that all amendments are approved. This will ensure Council considers the impact of financial fluctuations on their decisions and plans.

Official's Response: The Village will correct moving forward.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013
(Continued)**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|---|

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

The Village's expenditures exceeded formally-adopted appropriations as of December 31, 2013 in the General Fund by \$3,290 and in the Sewer Fund by \$204,769.

The Village's expenditures exceeded formally-adopted appropriations as of December 31, 2014 in the Sewer Fund by \$17,714 and in the Other Special Revenue Fund by \$791.

This resulted because amendments were posted to the accounting system with no indication of Council approval.

As a result, expenditures were made absent of any legal appropriation authority.

The Village Fiscal Officer should monitor appropriations and expenditures to ensure expenditures do not exceed appropriations and refuse to certify purchase orders until appropriations are sufficient to pay obligations.

Official's Response: The Village will correct moving forward.

FINDING NUMBER 2014-003

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

For the period ending December 31, 2013, the following posting errors were noted:

- Local government revenue and homestead and rollback receipts totaling \$8,173 were incorrectly posted as property and other taxes rather than as intergovernmental revenue in the General Fund.
- Because the 2014 appropriations exceeded the estimated receipts in the General Fund, \$5,172 of the December 31 2013 fund balance was reclassified as assigned rather than unassigned.
- Gasoline Excise Tax and Center per Gallon receipts totaling \$3,838 were incorrectly posted as property and other taxes rather than as intergovernmental revenue in the Street Construction Fund,
- The grant portion of the OPWC monies (\$141,641) was incorrectly posted as other debt proceeds rather than as intergovernmental revenue in the Sewer Operating Fund.
- The 2013 on-behalf payments to Stantec Consulting Services, Inc. totaling \$24,317 were not posted as Intergovernmental Receipts and as Capital Outlay in the Sewer Operating Fund..

VILLAGE OF STOCKPORT
MORGAN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-003 (Continued)

Noncompliance and Material Weakness – Ohio Admin. Code § 117-2-02(A) (Continued)

- OWDA loan proceeds of \$63,666 were incorrectly posted as other financing sources rather than as debt proceeds in the Sewer Operating Fund.
- The payment of \$141,641 to OWDA for Loan #6161 was incorrectly posted as other expenses rather than as principal retirement in the Sewer Operating Fund.

For the period ending December 31, 2014, the following posting errors were noted:

- Local government revenue receipts totaling \$8,132 were incorrectly posted as property and other taxes rather than as intergovernmental revenue in the General Fund.
- Gasoline Excise Tax and Center per Gallon receipts totaling \$4,491 were incorrectly posted as property and other taxes rather than as intergovernmental revenue in the Street Construction Fund,
- Real Estate Tax Settlements totaling \$5,958 were incorrectly posted as intergovernmental revenue rather than as property and other taxes in the Fire Levy Fund.
- OPWC Grant monies of \$329,098, CDBG Grant monies of \$580,000 and ARC Grant monies of \$250,000 were incorrectly posted as other debt proceeds rather than as intergovernmental revenue.
- An OWDA debt payment of \$7,441 was incorrectly posted as capital outlay rather than as principal retirement in the Sewer Operating Fund.

These adjustments, with which management agrees, are reflected in the audited financial statements.

The Fiscal Officer should refer to Appendix A-2 of the Village Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and expenditures.

Official's Response: The Village will correct moving forward.

FINDING NUMBER 2014-004

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2014, appropriations posted to the accounting system exceeded the appropriations approved by Council in the General Fund by \$2,600 and in the Sewer Fund by \$18,976.

At December 31, 2014, appropriations posted to the accounting system exceeded the appropriations approved by Council in the General Fund by \$5,500 and in the Sewer Fund by \$208,913.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013
(Continued)**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|---|

FINDING NUMBER 2014-004

Noncompliance and Material Weakness – Ohio Admin. Code § 117-2-02(C)(1) (Continued)

Because the budgetary information was improperly entered into the system, management of the Village was not able to effectively monitor and report its budget vs. actual status throughout the year.

The Fiscal Officer should take care to accurately post appropriations as approved by the Council to their accounting system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official’s Response: The Village will correct moving forward.

| |
|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
|---------------------------------------|

| | |
|------------------------------------|--|
| Finding Number | 2014-005 |
| CFDA Title and Number | Community Development Block Grant - State’s Program – CFDA #14.228 |
| Federal Award Number / Year | C-W-12-2MF-1 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Ohio Department of Development |

Noncompliance and Material Weakness – Cash Management

The Ohio Department of Development, Office of Housing and Community Partnerships' (OHCP) Financial Management Rules and Regulations, § (A)(3)(f)) provides, in part, that grantees must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds.

The Village did not always disburse CDBG funds within fifteen days. Of the five requests for payment made during 2014, there were 2 instances in which sufficient disbursements were not made within the 15 day period to reduce the balance on hand to less than \$5,000 which could result in excessive program income and a liability to the grantor.

We recommend the Village ensure its compliance with the Fifteen Day Rule and disburse funds within fifteen days of receipt. We further recommend the County review the aforementioned section in the OHCP Financial Management Rules and Regulations handbook.

Official’s Response: See Corrective Action Plan in the next section.

VILLAGE OF STOCKPORT
MORGAN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

| | |
|------------------------------------|---|
| Finding Number | 2014-006 |
| CFDA Title and Number | Community Development Block Grant - State's Program – CFDA #14.228 |
| Federal Award Number / Year | C-W-12-2MF-1 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Ohio Department of Development |

Noncompliance and Material Weakness – Reporting

Section 6 of the grant agreement between the Ohio Development Services Agency and the Village of Stockport states, in part, that grant funds shall be deposited and maintained in a separate fund account upon the books and records of grantee.

Ohio Rev. Code § 5705.10 provides that all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund

The Village did not set up a separate fund to account for the financial activity relating to the Community Development Block grant during 2014.

The Village should set up a special fund to account for federal grant projects and programs. Compliance with this requirement provides the Village and the grantor with a valuable monitoring tool and ensures grant proceeds are used in accordance with grant terms and timeliness.

Official's Response: See Corrective Action Plan in the next section.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
DECEMBER 31, 2014 AND 2013**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|--|-----------------------------|--------------------------------|
| 2014-005 | The Village will correct moving forward for federally-funded projects. | Currently | Traci Baker, Fiscal Officer |
| 2014-006 | The Village will correct moving forward for federally-funded projects. | Currently | Traci Baker, Fiscal Officer |



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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
SEPTEMBER 29, 2015**