

VILLAGE OF STOCKPORT
AUDIT REPORT
JANUARY 1, 2007 - DECEMBER 31, 2008

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



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Stockport
1685 Broadway
Stockport, Ohio 43787-158

We have reviewed the *Independent Auditor's Report* of the Village of Stockport, Morgan County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 27, 2009

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**VILLAGE OF STOCKPORT
MORGAN COUNTY
JANUARY 1, 2007 - DECEMBER 31, 2008**

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Stockport, Morgan County, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village of Stockport's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village of Stockport has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Stockport's combined funds as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended..

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Stockport, Morgan County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 2009, on our consideration of the Village of Stockport's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 24, 2009

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 16,373	\$ 10,444	\$ -	\$ -	\$ 26,817
Intergovernmental Receipts	15,699	20,049	-	-	35,748
Charges for Services	-	4,700	-	-	4,700
Earnings on Investments	2,943	703	-	69	3,715
Miscellaneous	3,837	3,500	4,950	-	12,287
Total Cash Receipts	<u>38,852</u>	<u>39,396</u>	<u>4,950</u>	<u>69</u>	<u>83,267</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	4,965	4,350	-	-	9,315
Public Health Services	3,817	3,803	-	105	7,725
Leisure Time Activities	20	3,305	-	-	3,325
Basic Utility Services	110	-	-	-	110
Transportation	-	22,898	-	-	22,898
General Government	24,354	-	-	-	24,354
Debt Service:					
Principal	754	325	-	-	1,079
Interest	237	48	-	-	285
Total Cash Disbursements	<u>34,257</u>	<u>34,729</u>	<u>-</u>	<u>105</u>	<u>69,091</u>
Total Cash Receipts Over/(Under) Cash Disbursements	4,595	4,667	4,950	(36)	14,176
Other Financing Receipts and (Disbursements):					
Other Financing Receipts	996	-	-	-	996
Total Other Financing Receipts and (Disbursements)	<u>996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>996</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,591	4,667	4,950	(36)	15,172
Fund Cash Balances, January 1	<u>1,341</u>	<u>30,305</u>	<u>-</u>	<u>1,055</u>	<u>32,701</u>
Fund Cash Balances, December 31	<u>\$ 6,932</u>	<u>\$ 34,972</u>	<u>\$ 4,950</u>	<u>\$ 1,019</u>	<u>\$ 47,873</u>

See notes to financial statements.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 147,434
Earnings on Investments	-
Total Operating Cash Receipts	147,434
Operating Cash Disbursements:	
Current:	
Personal Services	50,796
Fringe Benefits	12,460
Contractual Services	42,601
Supplies and Materials	17,386
Miscellaneous	1,608
Total Operating Cash Disbursements	124,851
Operating Income/(Loss)	22,583
Non-Operating Cash Disbursements	
Debt Service:	
Principal	10,378
Interest	847
Total Non-Operating Cash Disbursements	11,225
Net Receipts Over/(Under) Disbursements	11,358
Fund Cash Balances, January 1	45,645
Fund Cash Balances, December 31	\$ 57,003

See notes to financial statements.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 14,762	\$ 9,564	\$ -	\$ 24,326
Intergovernmental Receipts	14,793	20,020	-	34,813
Charges for Services	-	6,150	-	6,150
Earnings on Investments	2,901	952	40	3,893
Miscellaneous	3,916	3,251	-	7,167
Total Cash Receipts	<u>36,372</u>	<u>39,937</u>	<u>40</u>	<u>76,349</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	4,885	7,196	-	12,081
Public Health Services	2,935	6,104	6	9,045
Leisure Time Activities	-	2,971	-	2,971
Basic Utility Services	70	-	-	70
Transportation	-	32,803	-	32,803
General Government	31,953	-	-	31,953
Debt Service:				
Principal	600	1,000	-	1,600
Interest	200	400	-	600
Capital Outlay	-	12,248	-	12,248
Total Cash Disbursements	<u>40,643</u>	<u>62,722</u>	<u>6</u>	<u>103,371</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,271)	(22,785)	34	(27,022)
Other Financing Receipts and (Disbursements):				
Other Financing Receipts	56	-	-	56
Total Other Financing Receipts and (Disbursements)	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,215)	(22,785)	34	(26,966)
Fund Cash Balances, January 1	<u>5,556</u>	<u>53,090</u>	<u>1,021</u>	<u>59,667</u>
Fund Cash Balances, December 31	<u>\$ 1,341</u>	<u>\$ 30,305</u>	<u>\$ 1,055</u>	<u>\$ 32,701</u>

See notes to financial statements.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 151,427
Earnings on Investments	-
Total Operating Cash Receipts	151,427
Operating Cash Disbursements:	
Current:	
Personal Services	43,953
Fringe Benefits	12,140
Contractual Services	37,364
Supplies and Materials	25,259
Miscellaneous	12,873
Total Operating Cash Disbursements	131,589
Operating Income/(Loss)	19,838
Non-Operating Cash Disbursements	
Capital Outlay	12,623
Debt Service:	
Principal	9,251
Interest	1,139
Total Non-Operating Cash Disbursements	23,013
Net Receipts Over/(Under) Disbursements	(3,175)
Fund Cash Balances, January 1	48,820
Fund Cash Balances, December 31	\$ 45,645

See notes to financial statements.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Stockport, Morgan County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and an elected Mayor and Clerk. 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 Governmental Risk Management Plan 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 Governmental Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual contributions to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund is used to account for gasoline tax monies and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

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

Capital Projects Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following Capital Projects Fund.

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

Enterprise Funds

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

Water Fund – This fund is used to account for charges for services from residents to cover the cost of providing water services.

Sewer Fund – This fund is used to account for charges for services from residents to cover the cost of providing sewer services.

Permanent Fund

Permanent funds are used to account for resources restricted by legally binding trust agreements. The Village had the following significant Permanent Fund:

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

E. Budgetary Process

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

Appropriations

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

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2008	2007
Demand deposits	\$ 104,876	\$ 78,346

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

	2008 Budgeted vs. Actual Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,850	\$ 39,848	\$ (1,002)
Special Revenue	42,291	39,396	(2,895)
Capital Projects	4,950	4,950	-
Enterprise	145,150	147,434	2,284
Permanent	69	69	-
Total	\$ 233,310	\$ 231,697	\$ (1,613)

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,191	\$ 34,257	\$ 7,934
Special Revenue	71,966	34,729	37,237
Capital Projects	4,950	-	4,950
Enterprise	190,796	136,076	54,720
Permanent	105	105	-
Total	<u>\$ 310,008</u>	<u>\$ 205,167</u>	<u>\$ 104,841</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 44,823	\$ 36,428	\$ (8,395)
Special Revenue	41,569	39,937	(1,632)
Enterprise	184,735	151,427	(33,308)
Permanent	12	40	28
Total	<u>\$ 271,139</u>	<u>\$ 227,832</u>	<u>\$ (43,307)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,379	\$ 40,643	\$ 9,736
Special Revenue	94,659	62,722	31,937
Enterprise	233,555	154,602	78,953
Permanent	34	6	28
Total	<u>\$ 378,627</u>	<u>\$ 257,973</u>	<u>\$ 120,654</u>

Contrary to 5705.36, the Village had instances where a reduced certificate of estimated resources should have been obtained.

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

4. PROPERTY TAX

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

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

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

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest rate</u>
Ohio Water Development Authority Loan	\$ 16,755	6.25%
First National Bank - Dump Truck Loan	7,115	5.50%
Morgan County CIC	1,740	0.00%
Total	<u>\$ 25,610</u>	

The Ohio water Development Authority (OWDA) Loan was used for utility system improvements and will be repaid from utility system revenues.

The Village entered into a loan agreement in 2006 for the purchase of a Village Dump Truck. The equipment purchased collateralized the loan. This loan is paid in monthly installments of \$290.91.

The Morgan County CIC loan was due to Village Water Line Improvements for the Stockport Mill project.

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

Year ending December 31:	<u>OWDA Loan</u>	<u>CIC Loan</u>	<u>Dump Truck</u>
2009	\$ 9,099	\$ 870	\$ 3,491
2010	9,099	870	3,491
2011	-	-	582
Total	<u>\$ 18,198</u>	<u>\$ 1,740</u>	<u>\$ 7,564</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, PERS members contributed 10.0% and 9.5% of their wages, respectively. The Village contributed an amount equal to 14.00% and 13.85% of participant's gross salaries for 2008 and 2007, respectively. The Village has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

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

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

The Village belongs to the Ohio 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 over 550 Ohio Governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF STOCKPORT
MORGAN COUNTY**

NOTES TO FINANCIAL STATEMENTS

7. RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Retained Earnings	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. CONTINGENT LIABILITIES

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

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

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

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

We have audited the financial statements of the Village of Stockport, Morgan County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 24, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Stockport's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the Village of Stockport in a separate letter dated April 24, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Stockport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Stockport in a separate letter dated April 24, 2009.

This report is intended for the information of the Village's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 24, 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF STOCKPORT

MORGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 9, 2009