

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2006 – DECEMBER 31, 2007

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



Mary Taylor, CPA

Auditor of State

Members of Council
Village of St. Louisville
1 School Street
St. Louisville, Ohio 43071-0149

We have reviewed the *Independent Auditors' Report* of the Village of St. Louisville, Licking County, prepared by Wolfe, Wilson & Phillips, Inc. for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 5, 2008

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**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of St. Louisville
P.O. Box 149
St. Louisville, Ohio 43071

We have audited the accompanying financial statement of the Village of St. Louisville, Licking County as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village'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 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 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 for the years ending December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of St. Louisville as of December 31, 2007 and 2006, and or its changes in financial position 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 St. Louisville, Licking County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 25, 2008, on our consideration of the Village of St. Louisville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 25, 2008

**VILLAGE OF ST. LOUISVILLE
LICKING 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	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 6,230	\$ -	\$ -	\$ 6,230
Intergovernmental Receipts	46,949	22,110	32,790	101,849
Fines, Licenses, and Permits	28,278	510	-	28,788
Miscellaneous	6,362	-	-	6,362
Total Cash Receipts	<u>87,819</u>	<u>22,620</u>	<u>32,790</u>	<u>143,229</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	41,884	-	-	41,884
Public Health Services	723	-	-	723
Leisure Time Activities	5,419	-	-	5,419
Community Environment	891	-	-	891
Transportation	-	20,489	-	20,489
General Government	37,517	1,255	-	38,772
Debt Service:				
Principal	-	1,134	-	1,134
Capital Outlay	-	-	32,790	32,790
Total Cash Disbursements	<u>86,434</u>	<u>22,878</u>	<u>32,790</u>	<u>142,102</u>
Total Receipts Over/(Under) Disbursements	1,385	(258)	-	1,127
Fund Cash Balances, January 1, 2007	<u>1,653</u>	<u>39,490</u>	<u>-</u>	<u>41,143</u>
Fund Cash Balances, December 31, 2007	<u>\$ 3,038</u>	<u>\$ 39,232</u>	<u>\$ -</u>	<u>\$ 42,270</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 47,957	\$ -	\$ 47,957
Miscellaneous	175	-	175
Total Operating Cash Receipts	<u>48,132</u>	<u>-</u>	<u>48,132</u>
Operating Cash Disbursements:			
Personal Services	23,575	-	23,575
Travel Transportation	173	-	173
Contractual Services	8,841	-	8,841
Supplies and Materials	12,041	-	12,041
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>44,630</u>	<u>-</u>	<u>44,630</u>
Operating Income	3,502	-	3,502
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	-	37,784	37,784
Total Non-Operating Cash Receipts	<u>-</u>	<u>37,784</u>	<u>37,784</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	-	39,010	39,010
Total Non-Operating Cash Disbursements	<u>-</u>	<u>39,010</u>	<u>39,010</u>
Excess of Receipts Over/(Under) Disbursements	3,502	(1,226)	2,276
Fund Cash Balances, January 1, 2007	<u>18,530</u>	<u>3,320</u>	<u>21,850</u>
Fund Cash Balances, December 31, 2007	<u>\$ 22,032</u>	<u>\$ 2,094</u>	<u>\$ 24,126</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 5,452	\$ -	\$ -	\$ 5,452
Intergovernmental Receipts	46,142	19,192	-	65,334
Fines, Licenses, and Permits	32,961	-	-	32,961
Miscellaneous	2,032	-	-	2,032
Total Cash Receipts	<u>86,587</u>	<u>19,192</u>	<u>-</u>	<u>105,779</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	41,215	-	-	41,215
Public Health Services	739	-	-	739
Leisure Time Activities	7,922	-	-	7,922
Community Environment	1,079	-	-	1,079
Transportation	-	5,396	-	5,396
General Government	45,363	1,096	-	46,459
Debt Service:				
Principal	-	1,134	-	1,134
Capital Outlay	-	-	-	-
Total Cash Disbursements	<u>96,318</u>	<u>7,626</u>	<u>-</u>	<u>103,944</u>
Total Receipts Over/(Under) Disbursements	(9,731)	11,566	-	1,835
Fund Cash Balances, January 1, 2006	<u>11,384</u>	<u>27,924</u>	<u>-</u>	<u>39,308</u>
Fund Cash Balances, December 31, 2006	<u>\$ 1,653</u>	<u>\$ 39,490</u>	<u>\$ -</u>	<u>\$ 41,143</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 51,165	\$ -	\$ 51,165
Miscellaneous	140	-	140
Total Operating Cash Receipts	<u>51,305</u>	<u>-</u>	<u>51,305</u>
Operating Cash Disbursements:			
Personal Services	22,123	-	22,123
Travel Transportation	118	-	118
Contractual Services	3,103	-	3,103
Supplies and Materials	16,974	-	16,974
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>42,318</u>	<u>-</u>	<u>42,318</u>
Operating Income	8,987	-	8,987
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	-	45,131	45,131
Total Non-Operating Cash Receipts	<u>-</u>	<u>45,131</u>	<u>45,131</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal	5,667	-	5,667
Interest	136	-	136
Other Non-Operating Cash Disbursements	-	44,531	44,531
Total Non-Operating Cash Disbursements	<u>5,803</u>	<u>44,531</u>	<u>50,334</u>
Excess of Receipts Over/(Under) Disbursements	3,184	600	3,784
Fund Cash Balances, January 1, 2006	<u>15,346</u>	<u>2,720</u>	<u>18,066</u>
Fund Cash Balances, December 31, 2006	<u>\$ 18,530</u>	<u>\$ 3,320</u>	<u>\$ 21,850</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of St. Louisville, Licking 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. The Village provides water and sewer utilities, park operations, and police services.

The Village participates in the Public Entities Pool of Ohio (“PEP”) public entity risk sharing 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 Public Entities Pool of Ohio (“PEP”), an risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. Member governments pay annual contributions to fund the Pool. The Pool 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village maintains a checking account.

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 ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Fund

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 has the following significant Special Revenue Funds.

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

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 the cost of providing this utility.

Fiduciary Funds (Non-expendable Trust and Agency)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Mayors Court Fund - This fund receives money paid to the Mayors court for fines.

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 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 measure. Appropriations lapse at year-end.

Estimated Resources

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash pool used by all funds, except for Mayor's Court funds, which are maintained in a separate bank account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Demand Deposits	\$ 66,396	\$ 62,993

Deposits: Deposits were insured up to \$100,000 by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 119,314	\$ 87,819	\$ (31,495)
Special Revenue	27,300	22,620	(4,680)
Capital Projects	43,580	32,790	(10,790)
Enterprise	58,500	48,132	(10,368)
Total	\$ 248,694	\$ 191,361	\$ (57,333)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,967	\$ 86,434	\$ 34,533
Special Revenue	66,790	22,878	43,912
Capital Outlay	43,580	32,790	10,790
Enterprise	77,031	44,630	32,401
Total	\$ 308,368	\$ 186,732	\$ 121,636

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 109,596	\$ 86,587	\$ (23,009)
Special Revenue	25,300	19,192	(6,108)
Enterprise	58,500	51,305	(7,195)
Total	\$ 193,396	\$ 157,084	\$ (36,312)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,980	\$ 96,318	\$ 24,662
Special Revenue	53,224	7,626	45,598
Enterprise	74,098	48,121	25,977
Total	\$ 248,302	\$ 152,065	\$ 96,237

Compliance and Accountability:

Contrary to 5705.41(D), the Village had expenditures not properly certified prior to disbursement.

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 is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to 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 ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEBT

Debt outstanding at December 31, 2007:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 7,943	0.00%

The Ohio Public Works Commission (OPWC) loan relates to a paving project for Sugar Street.

The loans will be repaid in semiannual installments of \$567 over the next nine years.

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

Year Ending December 31	Wastewater OWDA Loan
2008	\$ 1,134
2009	1,134
2010	1,134
2011	1,134
2012	1,134
2013-2017	2,273
Total	\$ 7,943

6. RETIREMENT SYSTEMS

The Village's elected officials and employees 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 2007 and 2006, PERS members contributed 9.5% and 9.00% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants gross salaries for the periods 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (“PEP”), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and 410,000,000 in the aggregate per year. Governments can elect additional coverage, up to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims after January 1, 2006) as noted above.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members’ total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available).

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 30,997,868	\$ 29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$ 15,122,127</u>	<u>\$ 13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 5,125,326	\$ 4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$ 4,262,163</u>	<u>\$ 3,375,087</u>

**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.**

Village of St. Louisville
Licking County
P.O. Box 149
St. Louisville, Ohio 43071

We have audited the financial statements of Village of St. Louisville as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 25, 2008, 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 St. Louisville'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. We noted certain matters that we have reported to management in a separate letter dated April 25, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of St. Louisville'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and responses as items 2007-01. Also, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of St. Louisville in a separate letter dated April 25, 2008.

Village of St. Louisville's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Village of St. Louisville response and, accordingly, we express no opinion on it.

This report is intended for the information of the Village's management, Clerk, 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 25, 2008

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

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

FINDING NUMBER 2007-01

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of Clerk of the subdivision. The Clerk must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 24% in 2007 and 27% in 2006 of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Council. However, then and now certificates issued by the Clerk over \$3,000, must be authorized by the Council within thirty days after payment.

Client Response: We agree with finding and will try to improve in the future.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-01	ORC 5705.41(D) Certification of funds prior to purchase commitment	No	Not Corrected; included in schedule of findings as Finding 2007-01



Mary Taylor, CPA
Auditor of State

VILLAGE OF ST. LOUISVILLE

LICKING 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 17, 2008**