

VILLAGE OF ST. LOUISVILLE
ANNUAL REPORT
YEARS ENDED DECEMBER 31, 2005 AND 2004

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



**Auditor of State
Betty Montgomery**

Village Council Members
Village of St. Louisville
1 School Street
P.O. Box 149
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, 2004 through December 31, 2005. 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 13, 2006

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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

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

We have audited the accompanying financial statements of Village of St. Louisville, Licking County as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 St. Louisville's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of St. Louisville, Licking County, as of December 31, 2005 and 2004, 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, 2005 and 2004. 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 September 14, 2006, on our consideration of 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
September 14, 2006

**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, 2005**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 6,043	\$ -	\$ -	\$ 6,043
Intergovernmental Receipts	45,846	16,515	87,760	150,121
Fines, Licenses, and Permits	25,382	1,660	-	27,042
Miscellaneous	724	-	-	724
Total Cash Receipts	<u>77,995</u>	<u>18,175</u>	<u>87,760</u>	<u>183,930</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	35,856	-	-	35,856
Public Health Services	695	-	-	695
Leisure Time Activities	10,179	-	-	10,179
Community Environment	1,006	-	-	1,006
Transportation	-	22,073	-	22,073
General Government	38,812	1,103	-	39,915
Capital Outlay	-	-	99,105	99,105
Total Cash Disbursements	<u>86,548</u>	<u>23,176</u>	<u>99,105</u>	<u>208,829</u>
Total Receipts Over/(Under) Disbursements	(8,553)	(5,001)	(11,345)	(24,899)
Other Financing Receipts:				
Loan Proceeds	-	-	11,345	11,345
Total Other Financing Receipts	<u>-</u>	<u>-</u>	<u>11,345</u>	<u>11,345</u>
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements	(8,553)	(5,001)	-	(13,554)
Fund Cash Balances, January 1, 2005	<u>19,937</u>	<u>32,925</u>	<u>-</u>	<u>52,862</u>
Fund Cash Balances, December 31, 2005	<u>\$ 11,384</u>	<u>\$ 27,924</u>	<u>\$ -</u>	<u>\$ 39,308</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, 2005**

	<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	\$ 48,397	\$ -	\$ 48,397
Miscellaneous	70	-	70
Total Operating Cash Receipts	<u>48,467</u>	<u>-</u>	<u>48,467</u>
Operating Cash Disbursements:			
Personal Services	20,999	-	20,999
Travel Transportation	88	-	88
Contractual Services	10,429	-	10,429
Supplies and Materials	14,063	-	14,063
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>45,579</u>	<u>-</u>	<u>45,579</u>
Operating Income	2,888	-	2,888
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	-	34,928	34,928
Total Non-Operating Cash Receipts	<u>-</u>	<u>34,928</u>	<u>34,928</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal	8,214	-	8,214
Interest	641	-	641
Other Non-Operating Cash Disbursements	-	36,575	36,575
Total Non-Operating Cash Disbursements	<u>8,855</u>	<u>36,575</u>	<u>45,430</u>
Excess of Receipts Over/(Under) Disbursements	(5,967)	(1,647)	(7,614)
Fund Cash Balances, January 1, 2005	<u>21,313</u>	<u>4,367</u>	<u>25,680</u>
Fund Cash Balances, December 31, 2005	<u>\$ 15,346</u>	<u>\$ 2,720</u>	<u>\$ 18,066</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, 2004**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 6,237	\$ -	\$ -	\$ 6,237
Intergovernmental Receipts	45,617	14,608	14,351	74,576
Fines, Licenses, and Permits	23,993	2,910	-	26,903
Miscellaneous	5,578	-	-	5,578
Total Cash Receipts	<u>81,425</u>	<u>17,518</u>	<u>14,351</u>	<u>113,294</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	36,769	-	-	36,769
Public Health Services	683	-	-	683
Leisure Time Activities	11,968	-	-	11,968
Community Environment	1,385	-	-	1,385
Transportation	-	16,073	-	16,073
General Government	42,642	938	-	43,580
Capital Outlay	-	-	14,351	14,351
Total Cash Disbursements	<u>93,447</u>	<u>17,011</u>	<u>14,351</u>	<u>124,809</u>
Total Receipts Over/(Under) Disbursements	(12,022)	507	-	(11,515)
Fund Cash Balances, January 1, 2004	<u>31,959</u>	<u>32,418</u>	<u>-</u>	<u>64,377</u>
Fund Cash Balances, December 31, 2004	<u>\$ 19,937</u>	<u>\$ 32,925</u>	<u>\$ -</u>	<u>\$ 52,862</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, 2004**

	<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	\$ 49,422	\$ -	\$ 49,422
Miscellaneous	70	-	70
Total Operating Cash Receipts	<u>49,492</u>	<u>-</u>	<u>49,492</u>
Operating Cash Disbursements:			
Personal Services	23,488	-	23,488
Travel Transportation	77	-	77
Contractual Services	8,161	-	8,161
Supplies and Materials	9,752	-	9,752
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>41,478</u>	<u>-</u>	<u>41,478</u>
Operating Income	8,014	-	8,014
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	-	36,054	36,054
Total Non-Operating Cash Receipts	<u>-</u>	<u>36,054</u>	<u>36,054</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal	7,708	-	7,708
Interest	1,156	-	1,156
Other Non-Operating Cash Disbursements	-	35,387	35,387
Total Non-Operating Cash Disbursements	<u>8,864</u>	<u>35,387</u>	<u>44,251</u>
Excess of Receipts Over/(Under) Disbursements	(850)	667	(183)
Fund Cash Balances, January 1, 2004	<u>22,163</u>	<u>3,700</u>	<u>25,863</u>
Fund Cash Balances, December 31, 2004	<u>\$ 21,313</u>	<u>\$ 4,367</u>	<u>\$ 25,680</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 4,000</u>	<u>\$ -</u>	<u>4,000</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'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.

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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.

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 2005 and 2004 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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE 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:

	2005	2004
Demand Deposits	\$ 57,374	\$ 78,542

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, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 106,820	\$ 77,995	\$ (28,825)
Special Revenue	23,800	18,175	(5,625)
Capital Projects	58,500	99,105	40,605
Enterprise	55,500	48,467	(7,033)
Total	\$ 244,620	\$ 243,742	\$ (878)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 126,555	\$ 86,548	\$ 40,007
Special Revenue	56,726	23,176	33,550
Capital Outlay	58,500	99,105	(40,605)
Enterprise	80,813	54,434	26,379
Total	\$ 322,594	\$ 263,263	\$ 59,331

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 98,696	\$ 81,425	\$ (17,271)
Special Revenue	35,300	17,518	(17,782)
Capital Projects	158,500	14,351	(144,149)
Enterprise	55,500	49,492	(6,008)
Total	\$ 347,996	\$ 162,786	\$ (185,210)

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 130,655	\$ 93,447	\$ 37,208
Special Revenue	67,718	17,011	50,707
Capital Projects	158,125	14,351	143,774
Enterprise	77,664	54,342	23,322
Total	<u>\$ 434,162</u>	<u>\$ 179,151</u>	<u>\$ 255,011</u>

Compliance and Accountability:

Contrary to 5704.41(B), the Capital Projects Fund had expenditures greater than appropriations in the amount of \$40,515 in 2005.

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.

5. DEBT

Debt outstanding at December 31, 2005:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 10,211	0.00%
Water System Improvement Bonds	\$ 5,667	6.00%

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEBT (Continued)

The Water System Improvement Bond was issued to cover costs associated with the iron filter project for the Village's water system. The bond will repaid in monthly installments of \$739, including interest. The bonds are collateralized by the Village's taxing authority.

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

Year Ending December 31	Water System Bonds	Wastewater OWDA Loan	Totals
2006	\$ 5,803	\$ 1,134	\$ 6,947
2007	-	1,134	1,134
2008	-	1,134	1,134
2009	-	1,134	1,134
2010	-	1,134	1,134
2011-2015	-	4,541	4,541
Total	<u>\$ 5,803</u>	<u>\$ 10,211</u>	<u>\$ 16,014</u>

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 2005 and 2004, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries for the periods January 1, 2005 through December 31, 2005 and January 1, 2004 through December 31, 2004. The Village has paid all contributions required through December 31, 2005.

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

PEP retains casualty risks up to \$250,000 per claim, 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. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. RISK MANAGEMENT (Continued)

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.

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.

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, 2004 and 2003 (the latest information available).

Casualty Coverage	2004	2003
Assets	\$ 30,547,049	\$ 25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	\$ 13,557,131	\$ 12,415,113

Property Coverage	2004	2003
Assets	\$ 3,652,970	\$ 3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	\$ 3,108,199	\$ 2,366,752

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Village of St. Louisville as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 14, 2006, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated September 14, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2005-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village of St. Louisville in a separate letter dated September 14, 2006.

This report is intended for the information of the Village Council, management, and the 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
September 14, 2006

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 and 2004**

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

FINDING NUMBER 2005-01

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 26.5% in 2005 and 19.40% in 2004 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, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	ORC 5705.41(D) Certification of funds prior to purchase commitment	No	Not Corrected; included in schedule of findings as Finding 2005-01



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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
DECEMBER 26, 2006**