



**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF ST. LOUISVILLE
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of St. Louisville
Licking County
1 School Street
St. Louisville, Ohio 43071

We have audited the accompanying financial statements of the Village of St. Louisville (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audits.

Village of St. Louisville
Licking County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the audit committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 15, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$5,036	\$0	\$5,036
Intergovernmental Receipts	48,877	13,309	62,186
Fines, Licenses, and Permits	31,902	25	31,927
Miscellaneous	2,011	0	2,011
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	87,826	13,334	101,160
Cash Disbursements:			
Current:			
Security of Persons and Property	31,243	0	31,243
Public Health Services	537	0	537
Leisure Time Activities	13,038	0	13,038
Community Environment	590	0	590
Basic Utility Services	0	0	0
Transportation	0	5,088	5,088
General Government	31,776	530	32,306
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	77,184	5,618	82,802
Total Receipts Over Disbursements	10,642	7,716	18,358
Fund Cash Balances, January 1	27,235	17,358	44,593
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$37,877</u>	<u>\$25,074</u>	<u>\$62,951</u>

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$40,866	\$0	\$40,866
Miscellaneous	30	0	30
Total Operating Cash Receipts	<u>40,896</u>	<u>0</u>	<u>40,896</u>
Operating Cash Disbursements:			
Personal Services	20,163	0	20,163
Travel Transportation	108	0	108
Contractual Services	5,943	0	5,943
Supplies and Materials	8,741	0	8,741
Total Operating Cash Disbursements	<u>34,955</u>	<u>0</u>	<u>34,955</u>
Operating Income	<u>5,941</u>	<u>0</u>	<u>5,941</u>
Non-Operating Cash Receipts:			
Fines and Fees Collected	0	39,491	39,491
Total Non-Operating Cash Receipts	<u>0</u>	<u>39,491</u>	<u>39,491</u>
Non-Operating Cash Disbursements:			
Debt Service	8,864	0	8,864
Fines and Fees Distributed	0	39,292	39,292
Total Non-Operating Cash Disbursements	<u>8,864</u>	<u>39,292</u>	<u>48,156</u>
Net Receipts Over/(Under) Disbursements	(2,923)	199	(2,724)
Fund Cash Balances, January 1	<u>36,484</u>	<u>2,399</u>	<u>38,883</u>
Fund Cash Balances, December 31	<u>\$33,561</u>	<u>\$2,598</u>	<u>\$36,159</u>

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

**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, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$4,980	\$0	\$4,980
Intergovernmental Receipts	46,447	21,208	67,655
Fines, Licenses, and Permits	26,821	1,940	28,761
Miscellaneous	<u>3,296</u>	<u>0</u>	<u>3,296</u>
 Total Cash Receipts	 <u>81,544</u>	 <u>23,148</u>	 <u>104,692</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	30,556	0	30,556
Public Health Services	538	0	538
Leisure Time Activities	6,681	0	6,681
Community Environment	2,265	0	2,265
Transportation	0	21,862	21,862
General Government	38,995	666	39,661
Debt Service	<u>1,878</u>	<u>0</u>	<u>1,878</u>
 Total Cash Disbursements	 <u>80,913</u>	 <u>22,528</u>	 <u>103,441</u>
 Total Receipts Over Disbursements	 631	 620	 1,251
 Fund Cash Balances, January 1	 <u>26,604</u>	 <u>16,738</u>	 <u>43,342</u>
 Fund Cash Balances, December 31	 <u>\$27,235</u>	 <u>\$17,358</u>	 <u>\$44,593</u>

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$41,491	\$0	\$41,491
Total Operating Cash Receipts	<u>41,491</u>	<u>0</u>	<u>41,491</u>
Operating Cash Disbursements:			
Personal Services	14,679	0	14,679
Travel Transportation	84	0	84
Contractual Services	17,443	0	17,443
Supplies and Materials	21,442	0	21,442
Capital Outlay	<u>91,413</u>	<u>0</u>	<u>91,413</u>
Total Operating Cash Disbursements	<u>145,061</u>	<u>0</u>	<u>145,061</u>
Operating (Loss)	<u>(103,570)</u>	<u>0</u>	<u>(103,570)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	46,214	0	46,214
Fines and Fees Collected	<u>0</u>	<u>35,411</u>	<u>35,411</u>
Total Non-Operating Cash Receipts	<u>46,214</u>	<u>35,411</u>	<u>81,625</u>
Non-Operating Cash Disbursements:			
Debt Service	8,905	0	8,905
Fines and Fees Distributed	<u>0</u>	<u>35,200</u>	<u>35,200</u>
Total Non-Operating Cash Disbursements	<u>8,905</u>	<u>35,200</u>	<u>44,105</u>
Net Receipts Over/(Under) Disbursements	(66,261)	211	(66,050)
Fund Cash Balances, January 1	<u>102,745</u>	<u>2,188</u>	<u>104,933</u>
Fund Cash Balances, December 31	<u>\$36,484</u>	<u>\$2,399</u>	<u>\$38,883</u>

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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. 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. Fund Accounting

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

1. 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.

2. 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 receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund - This fund receives gasoline tax and license fees for maintaining state highways with the Village.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. 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 Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Fund (Agency Fund)

A fund for which the Village is acting in an agency capacity is classified as an agency fund. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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

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

	2001	2000
Demand deposits	\$ <u>99,110</u>	\$ <u>83,476</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,530	\$87,826	(\$11,704)
Special Revenue	21,700	13,334	(8,366)
Enterprise	48,300	40,896	(7,404)
Total	\$169,530	\$142,056	(\$27,474)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,765	\$77,184	\$49,581
Special Revenue	38,459	5,618	32,841
Enterprise	84,783	43,819	40,964
Total	\$250,007	\$126,621	\$123,386

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,510	\$81,544	(\$11,966)
Special Revenue	32,200	23,148	(9,052)
Enterprise	51,164	87,705	36,541
Total	\$176,874	\$192,397	\$15,523

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,914	\$80,913	\$31,001
Special Revenue	40,938	22,528	18,410
Enterprise	248,341	153,966	94,375
Total	\$401,193	\$257,407	\$143,786

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 payment, 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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Water System Improvement Bond-Park National Bank	\$35,637	6%

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 be repaid in monthly installments of \$738.70, including interest.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Water System Improvement Bond
2002	\$8,864
2003	8,864
2004	8,864
2005	8,864
2006	5,171
Total	\$40,627

6. RETIREMENT SYSTEM

The Village's 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. 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 members' deductibles.

Casualty Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP 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
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK POOL MEMBERSHIP (Continued)

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 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:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>
 <u>Property Coverage</u>	 <u>2000</u>	 <u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$1,294,053</u>	<u>\$838,351</u>



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the Village of St. Louisville (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 15, 2002. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding as item 2001-30645-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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 assurance 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 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 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 the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 15, 2002.

This report is intended solely for the information and use of the audit committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 15, 2002

VILLAGE OF ST. LOUISVILLE
LICKING COUNTY

SCHEDULE OF FINDING
DECEMBER 31, 2001 AND 2000

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

Finding Number	2001-30645-001
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Certification of Funds

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer 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. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Fifty-eight percent of the transactions tested were not certified by the Clerk-Treasurer at the time the commitment was incurred and the exception provided for above was not used. Prior certification is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of the Village funds being over expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements it is recommended that all Village disbursements, receive prior certification of the Clerk-Treasurer and Council periodically review the expenditures made to ensure they are within appropriations adopted by the Council, certified by the Clerk-Treasurer and recorded against appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 18, 2002**