

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2014



Dave Yost • Auditor of State

Village Council
Village of St. Louisville
1 School Drive
St. Louisville, Ohio 43071

We have reviewed the *Independent Auditor's Report* of the Village of St. Louisville, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2014. 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.

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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 11, 2015

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**VILLAGE OF ST. LOUISVILLE
ST. LOUISVILLE COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2014**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of St. Louisville, Licking County, as of and for the year ended December 31, 2014.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the Village prepared this financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend for this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of St. Louisville, St. Louisville County as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of St. Louisville, St. Louisville County as of December 31, 2014, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2015, on our consideration of the Village of St. Louisville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 16, 2015

**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, 2014**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 5,574	\$ -	\$ 5,574
Intergovernmental Receipts	21,747	21,754	43,501
Fines, Licenses and Permits	23,714	2,280	25,994
Miscellaneous	24,574	-	24,574
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	75,609	24,034	99,643
Cash Disbursements:			
Current:			
Security of Persons and Property	27,297	87	27,384
Transportation	-	17,442	17,442
Leisure Time Activities	12,765	-	12,765
Public Health Service	708	-	708
Community Environment	860	-	860
General Government	32,612	4,712	37,324
Debt Service:			
Principal	-	2,395	2,395
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	74,242	24,636	98,878
Total Cash Receipts Over/(Under) Cash Disbursements	1,367	(602)	765
Fund Cash Balance, January 1	<hr/>	<hr/>	<hr/>
	582	22,363	22,945
Fund Cash Balances, December 31			
Restricted	-	21,761	21,761
Unassigned (Deficit)	1,949	-	1,949
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$ 1,949</u>	<u>\$ 21,761</u>	<u>\$ 23,710</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 195,794	-	\$ 195,794
Total Operating Cash Receipts	<u>195,794</u>	<u>-</u>	<u>195,794</u>
Operating Cash Disbursements:			
Personal Services	25,396	-	25,396
Employee Fringe Benefits	2,917	-	2,917
Contractual Service	83,053	-	83,053
Supplies and Materials	57,767	-	57,767
Other	1	-	1
Total Operating Cash Disbursements	<u>169,134</u>	<u>-</u>	<u>169,134</u>
Operating Income	26,660	-	26,660
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	33,215	33,215
Intergovernmental	1,375,853	-	1,375,853
Loan Proceeds	536,655	-	536,655
Total Non-Operating Cash Receipts	<u>1,912,508</u>	<u>33,215</u>	<u>1,945,723</u>
Non-Operating Cash Disbursements:			
Interest payment	11,646	-	11,646
Capital Outlay	1,912,508	-	1,912,508
Fees and Fines Distributed	-	34,840	34,840
Total Non-Operating Cash Disbursements	<u>1,924,154</u>	<u>34,840</u>	<u>1,958,994</u>
Excess of Receipts Over Disbursements	15,014	(1,625)	13,389
Fund Cash Balances, January 1	<u>96,636</u>	<u>2,591</u>	<u>99,227</u>
Fund Cash Balances, December 31	<u>\$ 111,650</u>	<u>\$ 966</u>	<u>\$ 112,616</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of St. Louisville, Licking County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member council directs the Village. The Village provides water 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

The Village’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits at cost.

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:

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had 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.

Sewer Construction Fund – This fund received monies for the sanitary sewer system project.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget annually.

Appropriations

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

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 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2014
Demand Deposits	<u>\$ 136,326</u>
Total Deposits	<u>\$ 136,326</u>

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2014 is as follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,574	\$ 75,609	\$ (26,965)
Special Revenue	36,800	24,034	(12,766)
Enterprise	2,376,067	2,108,302	(267,765)
Total	\$ 2,515,441	\$ 2,207,945	\$ (307,496)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 102,668	\$ 74,242	\$ 28,426
Special Revenue	59,163	24,636	34,527
Enterprise	2,472,703	2,093,288	379,415
Total	\$ 2,634,534	\$ 2,192,166	\$ 442,368

Contrary to ORC 5705.41(D), the Village had purchases made prior to commitment of funds.

4. PROPERTY TAX

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

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, 2014 was as follows:

	2014 Principal	%
Ohio Public Works Commission CT36P	\$ 161,590	0.0
Ohio Public Works Commission CQ34N	7,561	0.0
USDA Sewer Loan	582,000	2.1
Total	\$ 751,151	

The Ohio Public Works Commission (OPWC) #CT36P relates to the sewer installation project. The loan will be repaid in semiannual installments of \$3,333 paid from the Sewer Operating fund. The Ohio Public Works Commission (OPWC) #CQ34N relates to a paving project for Moreland Street, paid from the Street Fund. The loan will be repaid in semiannual installments of \$630. Both loans have a zero percent interest rate.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

5. DEBT (Continued)

The USDA sewer loan relates to the Village’s sewer installation project. The loan totals \$582,000 in which a portion paid the balance of a previous loan and the remaining was used to help fund the sewer project. As of December 31, 2014, \$582,000 of the loan has been disbursed. The Village authorized the issuance of Sanitary Sewer Bonds in the amount of \$582,000 in November 2013. The Village will make principal payments on the bonds beginning in 2016. Interest will be assessed at 2.125% on these bonds. Sewer rates have been set at a sufficient rate to cover the costs of the bonds. Interest will be paid by the Village in 2014 and 2015 prior to bond principal payments in 2016, paid from the Sewer Debt Service Fund.

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

Year Ending December 31	OPWC CT36P	OWDA #5149	Sewer Bonds
2015	\$ 6,666	\$ 1,260	\$ 12,368
2016	6,666	1,260	22,468
2017	6,666	1,260	22,453
2018	6,666	1,260	22,534
2019	6,666	1,260	22,409
2020-2024	33,330	1,261	112,416
2025-2029	33,330	-	112,356
2030-2034	33,330	-	112,391
2035-2039	28,270	-	112,443
2040-2044	-	-	112,324
2045-2049	-	-	112,443
2050-2054	-	-	89,882
	<u>\$ 161,590</u>	<u>\$ 7,561</u>	<u>\$ 866,487</u>

6. RETIREMENT SYSTEMS

The Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014, OP&F participants contributed 10.75% from January 1, 2014 through June 30, 2014 and contributed 11.5% from July 1, 2014 through December 31, 2014. For 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police member’s wages. OPERS members contributed 10.0% of their gross salaries for and the Village contributed an amount equal to 14.0% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

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 Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,411,883	\$ 35,402,177
Liabilities	(12,760,194)	(12,363,257)
Retained Earnings	<u>\$ 21,651,689</u>	<u>\$ 23,038,920</u>

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

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

7. RISK MANAGEMENT (Continued)

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and 11.1 million of estimated claims payable. The assets above also include approximately \$11.1 million and 10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims is approximately \$6,155.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2013	2014
\$ 9,223	\$ 9,326

After one year of membership, a member may withdraw on the anniversary date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
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
1 School Drive
St. Louisville, Ohio 43071

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of St. Louisville, Licking County as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated September 16, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of St. Louisville's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2014-02 to be a significant deficiency.

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 tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-01.

Entity's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 16, 2015

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

To the Village Council:

Report on Compliance for Each Major Federal Program

We have audited the Village of St. Louisville's compliance with the applicable requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could directly and materially affect each of the Village of St. Louisville's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Village of St. Louisville's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 16, 2015

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION 505
December 31, 2014**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies In internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under section. 510?	No
(d)(1)(vii)	Major Programs:	CDBG; CFDA #14.228 Water and Wastewater Disposal System For Rural Communities, CFDA #10.760
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2014-01

Noncompliance

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% of the expenditures tested.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION 505
December 31, 2014**

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)

FINDING NUMBER 2014-01 (Continued)

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.

FINDING NUMBER 2014-02

Significant Deficiency – On-Behalf-Of payments not recorded

Auditor of State Bulletin 2000-08 provides the recommended accounting treatment for on-behalf of grants or capital improvement projects. When a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

The Village was awarded a grant from the Ohio Public Works Commission for the Sewer Installation Project of \$273,120. This money was paid directly to the vendors by the Ohio Public Works Commission. This activity was not recorded on the Villages financial records nor included in its budgetary calculations. We adjusted the statements and footnote 3 to reflect this activity.

Not recording this on-behalf-of activity on the Village financial records could result in an understatement of revenue and expenditures which in turn could result in inaccurate reporting and inaccurate budget numbers.

We recommend the Village be aware of receiving on-behalf-of grant or capital improvement projects from the State and Federal government, that the guidance of Auditor of State Bulletin 2000-08 is followed so the proper accounting treatment can be applied to the transaction.

Client Response: We will follow the guidance of Auditor of State Bulletin 2000-08.

3. Findings and Questioned Costs for Federal Awards

None

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
(pass through Ohio Development Services Agency)				
Community Development Block Grant	C-W-12-2MR-1	14.228	446,900	446,900
			446,900	446,900
(pass through Licking County)				
Community Development Block Grant	B-F-12-1BO-1	14.228	50,000	50,000
			50,000	50,000
Total U.S. Department of Housing and Urban Development			496,900	496,900
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
Direct Award				
Water and Wastewater Disposal Systems for Rural Communities	41-045-3146		929,061	929,061
			929,061	929,061
Total U.S. Department of Agriculture			929,061	929,061
Total Federal Awards Expenditures			<u>1,425,961</u>	<u>1,425,961</u>

See notes to Schedule of Federal Awards Expenditures.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Village's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-01	ORC 5705.41(D) Prior certification of availability not done	No	Not Corrected: Stated as Finding Number 2014-01 in current report



Dave Yost • 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
DECEMBER 24, 2015