

**VILLAGE OF ST. LOUISVILLE**

**AUDIT REPORT**

**JANUARY 1, 2012 - DECEMBER 31, 2013**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of St. Louisville  
1 School Drive  
P.O. Box 149  
St. Louisville, Ohio 43071

We have reviewed the *Independent Auditors' Report* of the Village of St. Louisville, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 8, 2014

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**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY  
JANUARY 1, 2012 - DECEMBER 31, 2013**

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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  
P.O. Box 149  
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 years ended December 31, 2013 and 2012.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of 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 opinions.

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

As described in Note 1 of the financial statements, the Village prepared these 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 requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**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 as of December 31, 2013 and 2012, or changes in financial position thereof for the years 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 the Village of St. Louisville, Licking County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years 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 July 23, 2014, 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  
July 23, 2014



**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, 2013**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 5,429	\$ -	\$ 5,429
Intergovernmental Receipts	22,387	20,060	42,447
Fines, Licenses and Permits	27,382	2,758	30,140
Miscellaneous	67,273	-	67,273
<b>Total Cash Receipts</b>	<b>122,471</b>	<b>22,818</b>	<b>145,289</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	31,672	682	32,354
Transportation	-	16,866	16,866
Leisure Time Activities	58,612	-	58,612
Public Health Service	728	-	728
Community Environment	843	-	843
General Government	36,494	336	36,830
Debt Service:			
Principal	-	2,395	2,395
<b>Total Cash Disbursements</b>	<b>128,349</b>	<b>20,279</b>	<b>148,628</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(5,878)</b>	<b>2,539</b>	<b>(3,339)</b>
<b>Fund Cash Balance, January 1</b>	<b>6,460</b>	<b>19,824</b>	<b>26,284</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	22,363	22,363
Unassigned (Deficit)	582	-	582
<b>Fund Cash Balance, December 31</b>	<b>\$ 582</b>	<b>\$ 22,363</b>	<b>\$ 22,945</b>

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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 76,549	-	\$ 76,549
<b>Total Operating Cash Receipts</b>	<u>76,549</u>	<u>-</u>	<u>76,549</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	26,631	-	26,631
Employee Fringe Benefits	275	-	275
Contractual Service	22,892	-	22,892
Supplies and Materials	17,724	-	17,724
<b>Total Operating Cash Disbursements</b>	<u>67,522</u>	<u>-</u>	<u>67,522</u>
<b>Operating Income</b>	9,027	-	9,027
<b>Non-Operating Cash Receipts:</b>			
Fees and Fines Collected	-	39,671	39,671
Intergovernmental	6,962	-	6,962
Loan Proceeds	206,935	-	206,935
<b>Total Non-Operating Cash Receipts</b>	<u>213,897</u>	<u>39,671</u>	<u>253,568</u>
<b>Non-Operating Cash Disbursements:</b>			
Principal payment	200,000	-	200,000
Fees and Fines Distributed	-	39,994	39,994
<b>Total Non-Operating Cash Disbursements</b>	<u>200,000</u>	<u>39,994</u>	<u>239,994</u>
<b>Excess of Receipts Over Disbursements</b>	22,924	(323)	22,601
<b>Fund Cash Balances, January 1</b>	<u>73,712</u>	<u>2,914</u>	<u>76,626</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 96,636</u>	<u>\$ 2,591</u>	<u>\$ 99,227</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, 2012**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 5,333	\$ -	\$ 5,333
Intergovernmental Receipts	28,264	20,182	48,446
Fines, Licenses and Permits	30,480	3,085	33,565
Miscellaneous	22,280	-	22,280
<b>Total Cash Receipts</b>	<b>86,357</b>	<b>23,267</b>	<b>109,624</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	37,205	354	37,559
Transportation	-	20,405	20,405
Leisure Time Activities	3,886	-	3,886
Public Health Service	730	-	730
Community Environment	889	-	889
General Government	40,107	909	41,016
Debt Service:			
Principal	-	2,395	2,395
<b>Total Cash Disbursements</b>	<b>82,817</b>	<b>24,063</b>	<b>106,880</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>3,540</b>	<b>(796)</b>	<b>2,744</b>
<b>Fund Cash Balance, January 1</b>	<b>2,920</b>	<b>20,620</b>	<b>23,540</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	19,824	19,824
Unassigned (Deficit)	6,460	-	6,460
<b>Fund Cash Balance, December 31</b>	<b>\$ 6,460</b>	<b>\$ 19,824</b>	<b>\$ 26,284</b>

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, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 73,822	-	\$ 73,822
<b>Total Operating Cash Receipts</b>	<u>73,822</u>	<u>-</u>	<u>73,822</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	26,183	-	26,183
Employee Fringe Benefits	3,399	-	3,399
Contractual Service	85,337	-	85,337
Supplies and Materials	25,152	-	25,152
<b>Total Operating Cash Disbursements</b>	<u>140,071</u>	<u>-</u>	<u>140,071</u>
<b>Operating Income</b>	(66,249)	-	(66,249)
<b>Non-Operating Cash Receipts:</b>			
Fees and Fines Collected	-	45,651	45,651
Intergovernmental	75,690	-	75,690
<b>Total Non-Operating Cash Receipts</b>	<u>75,690</u>	<u>45,651</u>	<u>121,341</u>
<b>Non-Operating Cash Disbursements:</b>			
Fees and Fines Distributed	-	46,380	46,380
<b>Total Non-Operating Cash Disbursements</b>	<u>-</u>	<u>46,380</u>	<u>46,380</u>
<b>Excess of Receipts Over Disbursements</b>	9,441	(729)	8,712
<b>Fund Cash Balances, January 1</b>	<u>64,271</u>	<u>3,643</u>	<u>67,914</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 73,712</u>	<u>\$ 2,914</u>	<u>\$ 76,626</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**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, 2013 and 2012**

**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.

**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, 2013 and 2012**

**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 2013 and 2012 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, 2013 and 2012**

**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:

	2013	2012
Demand Deposits	\$ 122,172	\$ 102,910
Total Deposits	\$ 122,172	\$ 102,910

**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, 2013 and 2012**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2013 and 2012 is as follows:

<b>2013 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 168,397	\$ 122,471	\$ (45,926)
Special Revenue	34,800	22,818	(11,982)
Enterprise	1,354,400	290,446	(1,063,954)
Total	\$ 1,557,597	\$ 435,735	\$ (1,121,862)

<b>2013 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 174,857	\$ 128,349	\$ 46,508
Special Revenue	54,623	20,279	34,344
Enterprise	1,368,451	267,522	1,100,929
Total	\$ 1,597,931	\$ 416,150	\$ 1,181,781

<b>2012 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,451	86,357	\$ (42,094)
Special Revenue	35,800	23,267	(12,533)
Enterprise	187,500	149,512	(37,988)
Total	\$ 351,751	\$ 259,136	\$ (92,615)

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 130,387	\$ 82,817	\$ 47,570
Special Revenue	56,420	24,063	32,357
Enterprise	251,368	140,071	111,297
Total	\$ 438,175	\$ 246,951	\$ 191,224

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

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**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 be 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, 2013 was as follows:

	2013 Principal	%
Ohio Public Works Commission CQ15H	\$ 1,135	0.0
Ohio Public Works Commission CQ34N	8,822	0.0
USDA Sewer Loan	206,935	2.1
Total	<u>\$ 216,892</u>	

The Ohio Public Works Commission (OPWC) #CQ15H relates to a paving project for Sugar Street. The loan will be repaid in semiannual installments of \$567. The Ohio Public Works Commission (OPWC) #CQ34N relates to a paving project for Moreland Street. The loan will be repaid in semiannual installments of \$630. Both loans have a zero percent interest rate.

The USDA sewer loan relates to the Village's sewer installation project. The loan totals \$582,000 in which the USDA pays the vender directly. As of December 31, 2013, \$206,935 of the loan has been disbursed. The remaining balance of \$375,065 has been disbursed in 2014. The Village authorized the issuance of Sanitary Sewer Bonds in the amount of \$582,000 in November 2013 which will be used to pay the USDA loan balance and then 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.

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**5. DEBT (Continued)**

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

Year Ending December 31	OPWC CQ15H	OWDA #5149	Sewer Bonds
2014	\$ 1,135	\$ 1,260	\$ 11,646
2015	-	1,260	12,368
2016	-	1,260	22,468
2017	-	1,260	22,453
2018	-	1,260	22,534
2019-2023	-	2,522	112,411
2024-2028	-	-	112,382
2029-2033	-	-	112,363
2034-2038	-	-	112,379
2039-2043	-	-	112,341
2044-2048	-	-	112,361
2049-2053	-	-	112,425
	<u>\$ 1,135</u>	<u>\$ 8,822</u>	<u>\$ 878,131</u>

**6. RETIREMENT SYSTEMS**

The Village's Police Officers belong to the Police and Firemen's Disability and Pension Funds (OP&F). Other employees 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, members of OP&F contributed 10.75% (prior to July 1, 2013 it was 10%) of their wages to OP&F. The Village contributed an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters wages, respectively. PERS members contributed 10.0% of their gross salaries for 2013 and 2012, respectively. The Village contributed an amount equal to 14.0% of participant's gross salaries for 2013 and 2012, respectively. The Village has paid all contributions required through December 31, 2013.

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**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, 2013, 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 2012 (the latest information available).

	<u>2013</u>	<u>2012</u>
Assets	\$ 34,411,883	\$ 34,389,569
Liabilities	(12,760,194)	(14,208,353)
Retained Earnings	<u>\$ 21,651,689</u>	<u>\$ 20,181,216</u>

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**7. RISK MANAGEMENT (Continued)**

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$11.6 million and 13.1 million of estimated claims payable. The assets above also include approximately \$11.1 million and 12.6 million of unpaid claims to be billed to approximately 475 member governments in the future as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims is approximately \$6,456.

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	2012
\$ 9,223	\$ 7,849

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  
P.O. Box 149  
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 as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated July 23, 2014, 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.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the 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.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 2013-01.

We noted certain matters not requiring inclusion in this report that we have reported to the management of the Village of St. Louisville in a separate letter dated July 23, 2014.

***Entity's Response to Findings***

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  
July 23, 2014

**VILLAGE OF ST. LOUISVILLE  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 and 2012**

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

**FINDING NUMBER 2013-01**

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 32% in 2013 and 45% in 2012 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.





# 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  
SEPTEMBER 18, 2014