

VILLAGE OF ST. LOUISVILLE

AUDIT REPORT

JANUARY 1, 2017 - DECEMBER 31, 2018

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

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of St. Louisville
PO Box 149
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, 2017 through December 31, 2018. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 3, 2019

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**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY
JANUARY 1, 2017 - DECEMBER 31, 2018**

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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
P.O. Box 149
St. Louisville, Ohio 43071

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of St. Louisville, Licking County, as of and for the years ended December 31, 2018 and 2017.

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 2 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 these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements 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 as of December 31, 2018 and 2017, or changes in financial position or cash flows 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 cash balances, receipts and disbursements by fund type and the related notes of Village of St. Louisville, Licking County as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2019, 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
May 28, 2019

**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, 2018**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 7,082	\$ -	\$ 7,082
Municipal Income Tax	67,356	-	67,356
Intergovernmental Receipts	28,656	38,143	66,799
Fines, Licenses and Permits	18,047	1,650	19,697
Miscellaneous	4,588	1,000	5,588
Total Cash Receipts	125,729	40,793	166,522
Cash Disbursements:			
Current:			
Security of Persons and Property	43,674	824	44,498
Transportation	-	31,903	31,903
Leisure Time Activities	9,325	-	9,325
Public Health Service	760	-	760
Community Environment	885	-	885
General Government	33,651	1,181	34,832
Debt Service:			
Principal	3,585	1,260	4,845
Interest and Fiscal Charges	2,579	-	2,579
Total Cash Disbursements	94,459	35,168	129,627
Net Change in Fund Cash Balances	31,270	5,625	36,895
Fund Cash Balance, January 1	34,374	27,289	61,663
Fund Cash Balances, December 31			
Restricted	-	32,888	32,888
Assigned	538	26	564
Unassigned (Deficit)	65,106	-	65,106
Fund Cash Balance, December 31	\$ 65,644	\$ 32,914	\$ 98,558

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, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 158,265	-	\$ 158,265
Total Operating Cash Receipts	<u>158,265</u>	<u>-</u>	<u>158,265</u>
Operating Cash Disbursements:			
Personal Services	26,443	-	26,443
Employee Fringe Benefits	3,684	-	3,684
Contractual Service	55,586	-	55,586
Supplies and Materials	7,712	-	7,712
Other	35	25,809	25,844
Total Operating Cash Disbursements	<u>93,460</u>	<u>25,809</u>	<u>119,269</u>
Operating Income	64,805	(25,809)	38,996
Non-Operating Receipts (Disbursements):			
Fees and Fines Collected	-	24,661	24,661
Principal Retirement	(15,986)	-	(15,986)
Interest and Other Fiscal Charges	(11,934)	-	(11,934)
Total Non-Operating Receipts (Disbursements):	<u>(27,920)</u>	<u>24,661</u>	<u>(3,259)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	36,885	(1,148)	35,737
Transfers In	43,833	-	43,833
Transfers Out	(43,833)	-	(43,833)
Net Change in Fund Cash Balance	36,885	(1,148)	35,737
Fund Cash Balances, January 1	<u>227,575</u>	<u>3,786</u>	<u>231,361</u>
Fund Cash Balances, December 31	<u>\$ 264,460</u>	<u>\$ 2,638</u>	<u>\$ 267,098</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including park operations, street repair and maintenance and police protection.

The Village participates in public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. 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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted 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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Accumulated Leave

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

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.

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 classification could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 158,286	\$ 125,729	\$ (32,557)
Special Revenue	52,107	40,793	(11,314)
Enterprise	249,100	202,098	(47,002)
Total	\$ 459,493	\$ 368,620	\$ (90,873)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 192,822	\$ 94,997	\$ 97,825
Special Revenue	79,394	35,194	44,200
Enterprise	476,675	165,213	311,462
Total	\$ 748,891	\$ 295,404	\$ 453,487

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

Contrary to ORC 5705.39, the Village had appropriations greater than estimated resources

4. 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:

Demand Deposits	2018 \$ 365,656
Total Deposits	\$ 365,656

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. 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.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

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 of 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, 2017, 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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 (latest information available).

	2017
Assets	\$ 44,452,326
Liabilities	(13,004,011)
Retained Earnings	\$ 31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated claims payable. The assets above also include approximately \$11.2 of unpaid claims to be billed. The Pool's membership increased from 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims is approximately \$6,278.

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.

2018 Contributions to PEP	
\$	10,800

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.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages 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, 2018.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	2018 Principal	%
Ohio Public Works Commission CT36P	\$ 142,738	0.00
Ohio Public Works Commission CQ34N	2,521	0.00
USDA Sewer Loan	551,000	2.10
First Government Lease Company	27,848	8.65
Total	\$ 724,107	

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.

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

In 2017, the Village entered into a master lease-purchase agreement with First Government Lease Company for a 2017 Ford Interceptor. This will be repaid over 84 months from the General Fund.

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

Year Ending December 31	OPWC CT36P	OPWC CQ34N	USDA Sewer	First Government
2019	\$ 5,386	\$ 1,260	\$ 22,409	\$ 6,164
2020	5,386	1,261	22,481	6,164
2021	5,386	-	22,548	6,164
2022	5,386	-	22,408	6,164
2023	5,386	-	22,565	6,164
2024-2028	26,930	-	112,383	4,623
2029-2033	26,930	-	112,364	-
2034-2038	26,930	-	112,380	-
2039-2043	26,930	-	112,341	-
2044-2048	8,088	-	112,362	-
2049-2053	-	-	112,427	-
2054-2058	-	-	-	-
	<u>\$ 142,738</u>	<u>\$ 2,521</u>	<u>\$ 786,668</u>	<u>\$ 35,443</u>

**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, 2017**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 6,139	\$ -	\$ 6,139
Municipal Income Tax	34,213	-	34,213
Intergovernmental Receipts	27,084	20,286	47,370
Fines, Licenses and Permits	21,130	2,070	23,200
Miscellaneous	9,100	1,981	11,081
Total Cash Receipts	97,666	24,337	122,003
Cash Disbursements:			
Current:			
Security of Persons and Property	62,139	88	62,227
Transportation	-	19,743	19,743
Leisure Time Activities	1,978	-	1,978
Public Health Service	672	-	672
Community Environment	891	-	891
General Government	31,222	1,879	33,101
Debt Service:			
Principal	459	1,890	2,349
Interest and Fiscal Charges	1,082	-	1,082
Total Cash Disbursements	98,443	23,600	122,043
Excess of Receipts Over (Under) Disbursements	(777)	737	(40)
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	31,892	-	31,892
Total Other Financing Receipts (Disbursements)	31,892	-	31,892
Net Change in Fund Cash Balances	31,115	737	31,852
Fund Cash Balance, January 1	3,259	26,552	29,811
Fund Cash Balances, December 31			
Restricted	-	27,289	27,289
Unassigned (Deficit)	34,374	-	34,374
Fund Cash Balance, December 31	\$ 34,374	\$ 27,289	\$ 61,663

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, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 156,395	-	\$ 156,395
Total Operating Cash Receipts	<u>156,395</u>	<u>-</u>	<u>156,395</u>
Operating Cash Disbursements:			
Personal Services	26,151	-	26,151
Employee Fringe Benefits	3,619	-	3,619
Contractual Service	52,301	-	52,301
Supplies and Materials	9,000	-	9,000
Other	35	31,102	31,137
Total Operating Cash Disbursements	<u>91,106</u>	<u>31,102</u>	<u>122,208</u>
Operating Income	65,289	(31,102)	34,187
Non-Operating Receipts (Disbursements):			
Fees and Fines Collected	-	31,811	31,811
Principal Retirement	(18,379)	-	(18,379)
Interest and Other Fiscal Charges	(9,461)	-	(9,461)
Total Non-Operating Receipts (Disbursements):	<u>(27,840)</u>	<u>31,811</u>	<u>3,971</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	37,449	709	38,158
Transfers In	47,819	-	47,819
Transfers Out	(47,819)	-	(47,819)
Net Change in Fund Cash Balance	37,449	709	38,158
Fund Cash Balances, January 1	<u>190,126</u>	<u>3,077</u>	<u>193,203</u>
Fund Cash Balances, December 31	<u>\$ 227,575</u>	<u>\$ 3,786</u>	<u>\$ 231,361</u>

See notes to financial statements.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including park operations, street repair and maintenance and police protection.

The Village participates in public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. 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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted 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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Accumulated Leave

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

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.

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 classification could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 145,200	\$ 129,558	\$ (15,642)
Special Revenue	34,500	24,337	(10,163)
Enterprise	240,700	204,214	(36,486)
Total	\$ 420,400	\$ 358,109	\$ (62,291)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 182,459	\$ 98,443	\$ 84,016
Special Revenue	61,081	23,600	37,481
Enterprise	430,825	166,765	264,060
Total	\$ 674,365	\$ 288,808	\$ 385,557

Contrary to ORC 5705.41(D), the Village made expenditures prior to certification.

Contrary to ORC 5705.39, the Village had appropriations greater than estimated resources

4. 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:

Demand Deposits	2017 \$ 293,024
Total Deposits	\$ 293,024

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. 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.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

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 of 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, 2017, 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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$ 44,452,326
Liabilities	(13,004,011)
Retained Earnings	\$ 31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated claims payable. The assets above also include approximately \$11.2 of unpaid claims to be billed. The Pool's membership increased from 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims is approximately \$6,278.

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.

2017 Contributions to PEP	
\$	9,965

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.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages 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, 2017.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2017 was as follows:

	2017 Principal	%
Ohio Public Works Commission CT36P	\$ 148,124	0.00
Ohio Public Works Commission CQ34N	3,781	0.00
USDA Sewer Loan	561,600	2.10
First Government Lease Company	31,433	8.65
Total	\$ 744,938	

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.

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.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

10. DEBT (Continued)

In 2017, the Village entered into a master lease-purchase agreement with First Government Lease Company for a 2017 Ford Interceptor. This will be repaid over 84 months from the General Fund.

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

Year Ending December 31	OPWC CT36P	OPWC CQ34N	USDA Sewer	First Government
2018	\$ 5,386	\$ 1,260	\$ 22,534	\$ 6,164
2019	5,386	1,261	22,409	6,164
2020	5,386	1,260	22,481	6,164
2021	5,386	-	22,548	6,164
2022	5,386	-	22,408	6,164
2023-2027	26,930	-	112,381	10,787
2028-2032	26,930	-	112,407	-
2033-2037	26,930	-	112,382	-
2038-2042	26,930	-	112,422	-
2043-2047	13,474	-	112,362	-
2048-2052	-	-	112,427	-
2053-2057	-	-	-	-
	<u>\$ 148,124</u>	<u>\$ 3,781</u>	<u>\$ 786,761</u>	<u>\$ 41,607</u>

**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
P.O. 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, Licking County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 28, 2019, 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.

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. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider Finding 2018-001 described in the accompanying schedule of findings to be a material weakness.

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 2018-002..

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
May 28, 2019

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- A reclassification from General Government in the amount of \$6,164 to Principal Retirement in the amount of \$3,585 and Interest and Fiscal Charges in the amount of \$2,579 in 2018 in the General Fund.
- A reclassification from General Government in the amount of \$1,541 to Principal Retirement in the amount of \$459 and Interest and Fiscal Charges in the amount of \$1,082 in 2017 in the General Fund
- A reclassification from Transportation in the amount of \$1,260 to Principal in the Street Fund for 2018.
- A reclassification from Transportation in the amount of \$1,890 to Principal in the Street Fund for 2017.
- A reclassification from Miscellaneous Revenue to Other Debt Proceeds in the amount of \$31,892 in the General Fund for 2018.
- A reclassification from Interest and Fiscal Charges in the amount of \$2,692 to Principal Retirement in the Enterprise Funds in 2017.
- Mayors Court activity had to be adjusted in 2017 and added to the 2018 Financial Statement and accounting records.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

**VILLAGE OF ST. LOUISVILLE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-002

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 18% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from client.

OHIO AUDITOR OF STATE KEITH FABER



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
JULY 16, 2019**