

VILLAGE OF UTICA

LICKING COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Utica
P.O. Box 524
Utica, OH 43080-0524

We have reviewed the *Independent Auditor's Report* of the Village of Utica, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Utica 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

May 25, 2023

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Village of Utica
Licking County
For the Years Ended December 31, 2021 and 2020

Table of Contents

Title	Page
Independent Auditor’s Report - 2021	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2021	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary Fund Types - For the Year Ended December 31, 2021	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2021	6
Notes to the Financial Statements – For the Year Ended December 31, 2021	7
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> – 2021.....	16
Independent Auditor’s Report - 2020	18
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2020.....	21
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary Fund Types – For the Year Ended December 31, 2020.....	22
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2020.....	23
Notes to the Financial Statements – For the Year Ended December 31, 2020	24
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> - 2020	33
Schedule of Findings.....	35

Village of Utica
Licking County
For the Years Ended December 31, 2021 and 2020

Table of Contents

Title	Page
Prepared by Management:	
Schedule of Prior Audit Findings.....	38
Corrective Action Plan.....	39

INDEPENDENT AUDITOR'S REPORT

Village of Utica
Licking County
39 Spring Street
Utica, Ohio 43080

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Utica, Licking County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
April 17, 2023

Village of Utica
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 82,623	\$ 42,152	\$ 124,775
Municipal Income Tax	586,938	101,208	688,146
Intergovernmental	53,748	130,229	183,977
Charges for Services	16,155	10,738	26,893
Fines, Licenses and Permits	36,825	1,135	37,960
Earnings on Investments	4,249	-	4,249
Miscellaneous	40,452	4,797	45,249
<i>Total Cash Receipts</i>	<u>820,990</u>	<u>290,259</u>	<u>1,111,249</u>
Cash Disbursements			
Current:			
Security of Persons and Property	432,430	-	432,430
Public Health Services	4,244	76,352	80,596
Community Environment	-	9,163	9,163
Basic Utility Services	41,194	-	41,194
Transportation	21,875	269,673	291,548
General Government	393,364	1,032	394,396
Leisure Time Activities	4,501	-	4,501
Debt Service:			
Principal Retirement	9,423	2,881	12,304
Interest and Fiscal Charges	1,576	-	1,576
<i>Total Cash Disbursements</i>	<u>908,607</u>	<u>359,101</u>	<u>1,267,708</u>
<i>Net Change in Fund Cash Balances</i>	(87,617)	(68,842)	(156,459)
<i>Fund Cash Balances, January 1</i>	<u>296,098</u>	<u>367,160</u>	<u>663,258</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 208,481</u>	<u>\$ 298,318</u>	<u>\$ 506,799</u>

See accompanying notes to the financial statements

Village of Utica
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 788,600
<i>Total Operating Cash Receipts</i>	788,600
Operating Cash Disbursements	
Personal Services	226,846
Fringe Benefits	69,712
Contractual Services	96,252
Supplies and Materials	11,306
Other	29,120
<i>Total Operating Cash Disbursements</i>	433,236
<i>Operating Income (Loss)</i>	355,364
Non-Operating Receipts (Disbursements)	
Principal Retirement	(40,870)
<i>Total Non-Operating Receipts (Disbursements)</i>	(40,870)
<i>Net Change in Fund Cash Balances</i>	314,494
<i>Fund Cash Balances, January 1</i>	1,271,793
<i>Fund Cash Balances, December 31</i>	\$ 1,586,287

See accompanying notes to the financial statements

Village of Utica
Licking County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Types
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 45,231
<i>Total Additions</i>	45,231
Deductions	
Distributions to Other Governments	9,838
Distributions to Other Funds (Primary Gov't)	33,082
<i>Total Deductions</i>	42,920
<i>Net Change in Fund Balances</i>	2,311
<i>Fund Cash Balances, January 1</i>	(2,311)
<i>Fund Cash Balances, December 31</i>	\$ -

See accompanying notes to the financial statements

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Utica (the Village), Licking County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services, fire protection services and road maintenance. The Village has contracted with Licking County to provide sewer services. On July 1, 2004 the Village passed a charter form of government. A copy of the Village's charter can be obtained from the Village's Fiscal Officer.

Public Entity Risk Pool

The Village participates in the Ohio Municipal Joint Self Insurance Pool, a 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.

Note 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 balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair This fund receives gasoline tax, permissive sales tax, and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Cemetery Fund This fund receives money from property tax monies, sales of grave lots, and opening & closing of graves. The money is used for any maintenance needed in the cemetery and to purchase equipment.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village had the following significant Custodial fund:

Mayor's Court Mayor's Court funds account for fines and forfeitures collected by Mayors Court to be distributed to the Village and State of Ohio.

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 Section 117-2-03 (C). 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 disbursements 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 Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (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. 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 approve estimated resources.

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

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

A summary of 2021 budgetary activity appears in Note 3.

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.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

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 amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 874,631	\$ 820,990	\$ (53,641)
Special Revenue	577,400	290,259	(287,141)
Enterprise	673,143	788,600	115,457

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,178,368	\$ 936,986	\$ 241,382
Special Revenue	944,560	381,576	562,984
Enterprise	1,944,932	536,074	1,408,858

Note 4 – Deposits and Investments

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

<i>Cash management pool:</i>	2021
Demand deposits	\$ 1,769,177
Certificates of deposit	323,909
Total deposits	<u>\$ 2,093,086</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments – (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due 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.

Income Taxes

The Village levies a municipal income tax of 1.75% 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.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management (continued)

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2021, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2021.

Assets	\$ 2,147,965
Liabilities	(<u>552,691</u>)
Accumulated Surplus	\$ 1,595,274

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021. OP&F contributed 0.5% to fund these benefits in 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CP36S	\$ 7,788	0.00%
OPWC Loan #C19R	11,528	0.00%
OPWC Loan #CQ13H	21,150	0.00%
OPWC Loan #CT71N	448,441	0.00%
The Park National Bank	40,577	3.27%
Total	<u>\$ 529,484</u>	

The Ohio Public Works Commission (OPWC) loan CQ36S relates to the sanitary sewer improvements Phase 1 project. The loan will be repaid in semiannual installments of \$147, over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ13H relates to the influent pump. The loan will be repaid in semiannual installments of \$2,350, over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CT71N relates to the wastewater treatment facility improvements project. The loan will be repaid in semiannual installments of \$17,938 over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ19R relates to the improvements of Church, Maple, and Jefferson streets. The loan will be repaid in semiannual installments of \$1,441 over 10 years.

In May 2020, the Village issued bonds in the amount of \$50,000 for the purchase of police cruiser to be used by the police department. This will be repaid over five years with interest calculated annually at 3.27%. The police cruiser collateralizes the bonds. This will be repaid by the General Fund.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	OPWC CQ36S	OPWC CQ13H	OPWC CQ19R	OPWC CT71N	Park National Bank
2022	\$ 294	\$ 4,700	\$ 2,882	\$ 35,876	\$ 10,999
2023	294	4,700	2,882	35,876	10,999
2024	294	4,700	2,882	35,876	10,999
2025	294	4,700	2,882	35,876	10,999
2026	294	2,350	-	35,876	-
2027-2031	1,470	-	-	179,380	-
2032-2036	1,470	-	-	89,681	-
2037-2041	1,470	-	-	-	-
2042-2046	1,470	-	-	-	-
2047-2049	438	-	-	-	-
Total	<u>\$ 7,788</u>	<u>\$ 21,150</u>	<u>\$ 11,528</u>	<u>\$ 448,441</u>	<u>\$ 43,996</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 11 – Covid 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to extent necessary to assure effective budgetary controls and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>
Outstanding Encumbrances	\$28,379	\$22,475

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Utica
Licking County
39 Spring Street
Utica, Ohio 43080

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Utica, Licking County, (the Village) and have issued our report thereon dated April 17, 2023, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2021-001 and 2021-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separated letter dated April 17, 2023.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

April 17, 2023

INDEPENDENT AUDITOR'S REPORT

Village of Utica
Licking County
39 Spring Street
Utica, Ohio 43080

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and related notes of the Village of Utica, Licking County, (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are 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(C) permit. Our opinion on this accounting basis 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 as of December 31, 2020, and the changes in financial position or cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting


In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 13 to the financial statements, the Village made changes to its cash basis reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
April 17, 2023

Village of Utica
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 65,875	\$ 44,445	\$ 110,320
Municipal Income Tax	559,672	97,894	657,566
Intergovernmental	46,189	273,418	319,607
Charges for Services	21,669	17,575	39,244
Fines, Licenses and Permits	61,724	995	62,719
Earnings on Investments	4,636	-	4,636
Miscellaneous	46,423	1,927	48,350
<i>Total Cash Receipts</i>	<u>806,188</u>	<u>436,254</u>	<u>1,242,442</u>
Cash Disbursements			
Current:			
Security of Persons and Property	393,140	-	393,140
Public Health Services	2,625	64,947	67,572
Community Environment	-	7,943	7,943
Basic Utility Services	23,201	-	23,201
Transportation	-	244,426	244,426
General Government	482,854	449	483,303
Leisure Time Activities	1,090	-	1,090
Capital Outlay	89,851	-	89,851
Debt Service:			
Principal Retirement	9,110	1,441	10,551
Interest and Fiscal Charges	313	-	313
<i>Total Cash Disbursements</i>	<u>1,002,184</u>	<u>319,206</u>	<u>1,321,390</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(195,996)	117,048	(78,948)
Other Financing Receipts (Disbursements)			
Loans Issued	50,000	-	50,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<i>Net Change in Fund Cash Balances</i>	(145,996)	117,048	(28,948)
<i>Fund Cash Balances, January 1</i>	<u>442,094</u>	<u>250,112</u>	<u>692,206</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 296,098</u>	<u>\$ 367,160</u>	<u>\$ 663,258</u>

See accompanying notes to the financial statements

Village of Utica
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 589,294
<i>Total Operating Cash Receipts</i>	<i>589,294</i>
Operating Cash Disbursements	
Personal Services	185,076
Fringe Benefits	86,064
Contractual Services	132,707
Supplies and Materials	11,424
Other	79,471
<i>Total Operating Cash Disbursements</i>	<i>494,742</i>
<i>Operating Income (Loss)</i>	<i>94,552</i>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(20,435)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(20,435)</i>
<i>Net Change in Fund Cash Balances</i>	<i>74,117</i>
<i>Fund Cash Balances, January 1</i>	<i>1,197,676</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,271,793</i>

See accompanying notes to the financial statements

Village of Utica
Licking County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Fund Types
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 36,710
<i>Total Additions</i>	36,710
Deductions	
Distributions to Other Governments	7,904
Distributions to Other Funds (Primary Gov't)	31,117
<i>Total Deductions</i>	39,021
<i>Net Change in Fund Balances</i>	(2,311)
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$ (2,311)

See accompanying notes to the financial statements

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Utica (the Village), Licking County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services, fire protection services and road maintenance. The Village has contracted with Licking County to provide sewer services. On July 1, 2004 the Village passed a charter form of government. A copy of the Village's charter can be obtained from the Village's Fiscal Officer.

Public Entity Risk Pool

The Village participates in the Ohio Municipal Joint Self Insurance Pool, a 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.

Note 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 balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair This fund receives gasoline tax, permissive sales tax, and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Cemetery Fund This fund receives money from property tax monies, sales of grave lots, and opening & closing of graves. The money is used for any maintenance needed in the cemetery and to purchase equipment.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village had the following significant Custodial fund:

Mayor's Court Mayor's Court funds account for fines and forfeitures collected by Mayors Court to be distributed to the Village and State of Ohio.

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 Section 117-2-03 (C). 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 disbursements 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 Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (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. 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 approve estimated resources.

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

A summary of 2020 budgetary activity appears in Note 3.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

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 amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 796,132	\$ 856,188	\$ 60,056
Special Revenue	810,227	436,254	(373,973)
Enterprise	577,479	589,294	11,815

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,238,226	\$ 1,006,794	\$ 231,432
Special Revenue	810,227	417,910	392,317
Enterprise	1,775,150	552,535	1,222,615

Note 4 – Deposits and Investments

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

<u>Cash management pool:</u>	2020
Demand deposits	\$ 1,612,637
Certificates of deposit	320,103
Total deposits	\$ 1,932,740

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.75% 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.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management (continued)

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020.

Assets	\$ 2,147,965
Liabilities	(<u>552,691</u>)
Accumulated Surplus	\$ 1,595,274

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2020. OP&F contributed 0.5% to fund these benefits in 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CP36S	\$ 8,082	0.00%
OPWC Loan #C19R	14,409	0.00%
OPWC Loan #CQ13H	25,850	0.00%
OPWC Loan #CT71N	484,317	0.00%
The Park National Bank	50,000	3.27%
Total	<u>\$ 582,658</u>	

The Ohio Public Works Commission (OPWC) loan CQ36S relates to the sanitary sewer improvements Phase 1 project. The loan will be repaid in semiannual installments of \$147, over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ13H relates to the influent pump. The loan will be repaid in semiannual installments of \$2,350, over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CT71N relates to the wastewater treatment facility improvements project. The loan will be repaid in semiannual installments of \$17,938 over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Enterprise Sewer Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ19R relates to the improvements of Church, Maple, and Jefferson streets. The loan will be repaid in semiannual installments of \$1,441 over 10 years.

In May 2020, the Village issued bonds in the amount of \$50,000 for the purchase of police cruiser to be used by the police department. This will be repaid over five years with interest calculated annually at 3.27%. The police cruiser collateralizes the bonds. This will be repaid by the General Fund.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	OPWC CQ36S	OPWC CQ13H	OPWC CQ19R	OPWC CT71N	Park National Bank
2021	\$ 294	\$ 4,700	\$ 2,882	\$ 35,876	\$ 10,999
2022	294	4,700	2,882	35,876	10,999
2023	294	4,700	2,882	35,876	10,999
2024	294	4,700	2,882	35,876	10,999
2025	294	4,700	2,881	35,876	10,999
2026-2030	1,470	2,350	-	179,380	-
2031-2035	1,470	-	-	125,557	-
2036-2040	1,470	-	-	-	-
2041-2045	1,470	-	-	-	-
2046-2049	732	-	-	-	-
Total	\$ 8,082	\$ 25,850	\$ 14,409	\$ 484,317	\$ 54,995

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 11 – Covid 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Utica
Licking County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to extent necessary to assure effective budgetary controls and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue
Outstanding Encumbrances	\$4,610	\$98,704

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principle

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the Fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Utica
Licking County
39 Spring Street
Utica, Ohio 43080

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type as of and for the year ended December 31, 2020, and the related notes to the financial statements of the Village of Utica, Licking County, (the Village) and have issued our report thereon dated April 17, 2023, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, we noted the change in the Village's reporting model.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2021-001 and 2021-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separated letter dated April 17, 2023.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 17, 2023

Village of Utica
Licking County
Schedule of Findings
December 31, 2021 and 2020

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

Finding Number: 2021-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2021 and 2020, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- Cares Act money of \$144,793 was reclassified from Miscellaneous Revenues to Intergovernmental Revenue during 2020.
- Cable TV Tax reclassified from Miscellaneous Revenues to Fines, Licenses and Permits in the amount of \$31,110 in 2020.
- Loan was reclassified from Miscellaneous Revenues to Loan issued in the amount of \$ 50,000 in 2020.
- Debt payment was reclassified from Transportation in Street Fund to Principal Retirement in Street Fund in 2020.
- Debt payment in the amount of \$2,881 was adjusted from the Enterprise Fund to Special Revenue Street Fund.
- Debt payment was reclassified from Security of Persons in General Fund to Debt Service in General Fund in 2020 and 2021.
- In the Custodial fund (Mayor’s Court) we reclassified Distributions to other Governments from Distribution to Other funds (Primary Government) in 2020 and 2021.
- During 2021, Property Taxes were posted at Gross and adjustments were made to the financial statements in the General Fund in the amounts of \$5,789 to Property Taxes and increased Public Health in the amount of \$ 4,244 and Increased General Government in the amount of \$ 1,545.
- During 2021, Property Taxes were posted at Gross and adjustments were made to the financial statements in the Special Revenue Funds in the amounts of \$ 1,032 to Property Taxes and increased General Government in the amount of \$ 1,032.
- During 2020, Property Taxes were posted at Gross and adjustments were made to the financial statements in the General Fund in the amounts of \$2,558 to Property Taxes and increased Public Health in the amount of \$ 2,100 and Increased General Government in the amount of \$ 458.
- During 2020, Property Taxes were posted at Gross and adjustments were made to the financial statements in the Special Revenue Funds in the amounts of \$ 331 to Property Taxes and increased General Government in the amount of \$ 331.
- During 2021, Property taxes were incorrectly posted in the General Funds as Special Levy and were reclassified in the General Fund in the amount of \$ 24,980.
- During 2021, State Revenue were incorrectly posted in the General Funds as Property Taxes and were reclassified in the General Fund in the amount of \$ 9,275.
- During 2020, Property taxes were incorrectly posted in the General Fund as Special Levy and were reclassified in the General Fund in the amount of \$ 18,906.
- During 2020, State Revenue were incorrectly posted in the General Funds as Property Taxes and were reclassified in the General Fund in the amount of \$ 9,150.

Village of Utica
Licking County
Schedule of Findings – (continued)
December 31, 2021 and 2020

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

Finding Number: 2021-001 – Material Weakness – (continued)

- During 2021, Property taxes were incorrectly posted in the Special Revenue Fund (Street Fund) as Special Levy and were reclassified in the Special Revenue Funds in the amount of \$41,120.
- During 2021, State Revenues were incorrectly posted in the Special Revenue Fund (Street Fund) as Property Taxes in the Special Revenue Fund (Street Fund), and were reclassified in the amount of \$16,289.
- During 2020, Property taxes were incorrectly posted in the Special Revenue Fund (Street Fund) as Special Levy and were reclassified in the Special Revenue Funds in the amount of \$41,114.
- During 2020, State Revenues were incorrectly posted in the Special Revenue Fund (Street Fund) as Property Taxes in the Special Revenue Fund (Street Fund), and were reclassified in the amount of \$14,835.
- During 2021 and 2020 the Hinkle filing did not include custodial funds (Mayor’s Court).

Other immaterial posting errors were also noted and brought to the attention of management. The accompanying financial statements and the Village’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer’s Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan

Finding Number 2021-002 – Material Weakness

Bank Reconciliations and Timely Posting to Accounting System

Monthly bank reconciliations should be performed by the Fiscal Officer and reviewed and approved by Council. During 2021 and 2020, bank reconciliations were not performed which resulted in multiple adjusting journal entries. This deficiency is a result of inadequate policies and procedures in performing bank reconciliations.

The reconciliation of the Village’s bank accounts with its cash ledgers is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the Village. As part of the bank reconciliation, all differences between the balance appearing on the financial statements and the balance of cash according to the Village’s records should be accounted for. In addition, transactions should be posted to the accounting system in a timely manner.

Village of Utica
Licking County
Schedule of Findings – (continued)
December 31, 2021 and 2020

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

Finding Number 2021-002 – Material Weakness – (continued)

Failure to timely record transactions and review and approve bank reconciliations could result in funds being lost, stolen, or unaccounted for without detection and does not allow Council to adequately monitor the financial activity of the Village.

We recommend the Village ensure transactions are posted timely to the accounting system and perform monthly bank reconciliations consisting of fund balances, bank statements, investment balances and a detail of outstanding checks and deposits. The reconciliation should be submitted to the Council monthly and Council should review the reconciliation, investigate any discrepancies and document their review and approval by signing it.

Management’s Response:

See Corrective Action Plan.

VILLAGE OF UTICA
LICKING COUNTY
For the Years Ended December 31, 2021 and 2020

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2019-001	Certification of Funds	Corrected	
2019-002	Financial Reporting	Not Corrected	

VILLAGE OF UTICA
LICKING COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2021 and 2020

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2021-001	The Fiscal Officer will closely review all transactions, including debt and custodial arrangements.	Immediately	Chelsea Fulk, Fiscal Officer
2021-002	Bank Reconciliation and Timely Posting to Accounting System. This was corrected in early 2023.	Immediately	Chelsea Fulk, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF UTICA

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/6/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov