



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF UTICA
LICKING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Other Fiduciary Fund Types For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Other Fiduciary Fund Types For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings	20

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Utica
Licking County
39 Spring St.
P.O. Box 524
Utica, Ohio 43080

We have audited the accompanying financial statements of the Village of Utica (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

May 17, 2002

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$193,468	\$188,544	\$58,838	\$11,500	\$452,350
Intergovernmental Receipts	135,068	141,953	0	0	277,021
Charges for Services	0	2,463	0	1,775	4,238
Fines, Licenses, and Permits	28,958	0	0	0	28,958
Earnings on Investments	44,415	5,211	0	0	49,626
Miscellaneous	27,091	715	0	0	27,806
Total Cash Receipts	429,000	338,886	58,838	13,275	839,999
Cash Disbursements:					
Current:					
Security of Persons and Property	82,829	428,100	0	0	510,929
Public Health Services	0	1,378	0	1,500	2,878
Community Environment	0	827	0	0	827
Basic Utility Services	15,128	0	0	0	15,128
General Government	115,343	64,546	0	11,481	191,370
Debt Service	53,167	0	0	0	53,167
Capital Outlay	0	0	39,173	0	39,173
Total Cash Disbursements	266,467	494,851	39,173	12,981	813,472
Total Receipts Over/(Under) Disbursements	162,533	(155,965)	19,665	294	26,527
Other Financing Receipts and (Disbursements):					
Transfers-In	0	217,717	0	0	217,717
Transfers-Out	(302,432)	0	0	0	(302,432)
Total Other Financing Receipts/(Disbursements)	(302,432)	217,717	0	0	(84,715)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements					
	(139,899)	61,752	19,665	294	(58,188)
Fund Cash Balances, January 1	400,852	75,462	51,761	13,762	541,837
Fund Cash Balances, December 31	\$260,953	\$137,214	\$71,426	\$14,056	\$483,649

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

**VILLAGE OF UTICA
LICKING COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$370,557	\$0	\$370,557
Miscellaneous	19,132	0	19,132
	<u>389,689</u>	<u>0</u>	<u>389,689</u>
Operating Cash Disbursements:			
Personal Services	175,693	0	175,693
Contractual Services	240,733	0	240,733
Supplies and Materials	28,898	0	28,898
	<u>445,324</u>	<u>0</u>	<u>445,324</u>
Operating Income	<u>(55,635)</u>	<u>0</u>	<u>(55,635)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	72,245	0	72,245
Fines and Fees Collected	0	33,443	33,443
	<u>72,245</u>	<u>33,443</u>	<u>105,688</u>
Non-Operating Cash Disbursements:			
Debt Service	136,885	0	136,885
Fines and Fees Distributed	0	33,433	33,433
	<u>136,885</u>	<u>33,433</u>	<u>170,318</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(120,275)	10	(120,265)
Transfers-In	84,715	0	84,715
Net Receipts Over/(Under) Disbursements	(35,560)	10	(35,550)
Fund Cash Balances, January 1	396,894	1,388	398,282
Fund Cash Balances, December 31	<u>\$361,334</u>	<u>\$1,398</u>	<u>\$362,732</u>

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

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$225,434	\$125,234	\$76,450	\$12,090	\$439,208
Special Assessments	0	14,806	0	0	14,806
Intergovernmental Receipts	102,875	125,448	0	0	228,323
Charges for Services	0	0	0	3,563	3,563
Fines, Licenses, and Permits	35,307	6,387	0	0	41,694
Earnings on Investments	49,596	3,278	0	0	52,874
Miscellaneous	8,951	0	0	0	8,951
Total Cash Receipts	422,163	275,153	76,450	15,653	789,419
Cash Disbursements:					
Current:					
Security of Persons and Property	0	371,519	0	0	371,519
Public Health Services	5,056	8,738	0	90	13,884
Leisure Time Activities	0	7,647	0	0	7,647
Community Environment	1,200	0	0	0	1,200
Basic Utility Services	15,189	0	0	0	15,189
Transportation	0	127,897	0	0	127,897
General Government	187,019	512	0	12,335	199,866
Capital Outlay	0	0	89,000	0	89,000
Total Cash Disbursements	208,464	516,313	89,000	12,425	826,202
Total Receipts Over/(Under) Disbursements	213,699	(241,160)	(12,550)	3,228	(36,783)
Other Financing Receipts and (Disbursements):					
Note Proceeds	50,000	0	0	0	50,000
Transfers-In	0	272,259	0	0	272,259
Transfers-Out	(272,259)	0	0	0	(272,259)
Total Other Financing Receipts/(Disbursements)	(222,259)	272,259	0	0	50,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,560)	31,099	(12,550)	3,228	13,217
Fund Cash Balances, January 1	409,412	44,363	64,311	10,534	528,620
Fund Cash Balances, December 31	\$400,852	\$75,462	\$51,761	\$13,762	\$541,837
Reserves for Encumbrances, December 31	\$1,190	\$2,316	\$0	\$2	\$3,508

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

**VILLAGE OF UTICA
LICKING COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$372,299	\$0	\$372,299
Miscellaneous	10,420	0	10,420
	<u>382,719</u>	<u>0</u>	<u>382,719</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	159,105	0	159,105
Contractual Services	113,119	0	113,119
Supplies and Materials	25,965	0	25,965
Capital Outlay	22,973	0	22,973
	<u>321,162</u>	<u>0</u>	<u>321,162</u>
Total Operating Cash Disbursements			
Operating Income	<u>61,557</u>	<u>0</u>	<u>61,557</u>
Non-Operating Cash Receipts:			
Fines and Fees Collected	0	33,401	33,401
Non-Operating Cash Disbursements:			
Debt Service	139,813	0	139,813
Fines and Fees Distributed	0	33,341	33,341
	<u>139,813</u>	<u>33,341</u>	<u>173,154</u>
Total Non-Operating Cash Disbursements			
Net Receipts Over/(Under) Disbursements	(78,256)	60	(78,196)
Fund Cash Balances, January 1	<u>475,150</u>	<u>1,328</u>	<u>476,478</u>
Fund Cash Balances, December 31	<u>\$396,894</u>	<u>\$1,388</u>	<u>\$398,282</u>

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

**VILLAGE OF UTICA
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Utica, Licking County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Police Fund- This fund receives income tax revenue to provide police services for the Village.

VILLAGE OF UTICA
LICKING COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Capital Fund- This fund receives income tax proceeds to make capital outlay purchases.

4. Enterprise Funds

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

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

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

Debt Service Water and Debt Service Reserve Funds- These funds receive utility surcharges to pay off loan proceeds received from the Ohio Water Development Authority and the Ohio Public Works Commission that were used to fund utility plant expansions.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Income Tax Fund- This fund receives a portion of income tax proceeds to pay the salary of the income tax administrator.

Mayors Court Fund- This fund receives money from citations issued by the Village's Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and State.

VILLAGE OF UTICA
LICKING COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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

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

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF UTICA
LICKING COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$99,456	\$80,816
Certificates of deposit	746,925	859,303
Total deposits	846,381	940,119

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$280,865	\$429,000	\$148,135
Special Revenue	537,579	556,603	19,024
Capital Projects	75,000	58,838	(16,162)
Enterprise	474,510	546,649	72,139
Fiduciary (Expendable Trust)	12,500	13,275	775
Total	\$1,380,454	\$1,604,365	\$223,911

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$669,059	\$568,899	\$100,160
Special Revenue	573,100	494,851	78,249
Capital Projects	40,000	39,173	827
Enterprise	644,469	582,209	62,260
Fiduciary (Expendable Trust)	18,700	12,981	5,719
Total	\$1,945,328	\$1,698,113	\$247,215

**VILLAGE OF UTICA
LICKING COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$327,973	\$472,163	\$144,190
Special Revenue	483,394	547,412	64,018
Capital Projects	74,020	76,450	2,430
Enterprise	356,916	382,713	25,797
Fiduciary (Expendable Trust)	8,500	15,653	7,153
Total	<u>\$1,250,803</u>	<u>\$1,494,391</u>	<u>\$243,588</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$619,320	\$481,913	\$137,407
Special Revenue	554,830	518,629	36,201
Capital Projects	30,000	89,000	(59,000)
Enterprise	524,835	463,975	60,860
Fiduciary (Expendable Trust)	16,700	12,425	4,275
Total	<u>\$1,745,685</u>	<u>\$1,565,942</u>	<u>\$179,743</u>

The Village was not fully in compliance with Ohio Revised Code Sections 5705.39 and 5705.41(B) for 2001 or 2000.

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF UTICA
LICKING COUNTY**

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 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.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$439,613	10.54%
Ohio Public Works Loan	465,000	0.00%
Bond Anticipation Notes	169,018	5.65%
Equipment Leases	6,429	5.00%
Total	<u>\$1,080,060</u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater plant construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semi-annual installments of \$38,442.50, including interest over 25 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to the water treatment plant improvement project. The loan will be repaid in semiannual installments of \$15,000 over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWPC debt service requirements.

Also, as part of the OPWC project, the Village borrowed an additional \$260,000 from Park National Bank in anticipation of the issuance of bonds. This loan will be repaid in annual installments of \$30,000, including interest over 12 years.

In 1999, the Village entered into a lease agreement with Park National Bank for the purchase of a Chevrolet Blazer and a 1989 Ford Cargo Vacuum Sweeper.

**VILLAGE OF UTICA
LICKING COUNTY**

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

6. DEBT (Continued)

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

Year ending December 31:	<u>OWDA Loan</u>	<u>OWPC Loan</u>	<u>Anticipation Notes</u>	<u>Equipment Lease</u>
2002	\$76,885	\$30,000	\$30,000	\$6,751
2003	76,885	30,000	30,000	0
2004	76,885	30,000	30,000	0
2005	76,885	30,000	30,000	0
2006	76,885	30,000	30,000	0
Subsequent	<u>307,547</u>	<u>315,000</u>	<u>53,836</u>	<u>0</u>
Total	<u><u>\$691,972</u></u>	<u><u>\$465,000</u></u>	<u><u>\$203,836</u></u>	<u><u>\$6,751</u></u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance and dental coverage to full-time employees through a private carrier.

**VILLAGE OF UTICA
LICKING COUNTY**

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

9. MAYORS COURT

The Village maintains a Mayor's Court to account for the receipts from citations given by the Police Department. The activity of the Mayor's Court is reported as an Agency Fund on the financial statements. The ending balances as of December 31, 2001 and December 31, 2000 represent court collections to be paid to the Village, State, or other claimants of such monies. The Fines and Forfeitures account in the General Fund reflects monies distributed to the Village.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Village Council
Village of Utica
Licking County
39 Spring Street
P.O. Box 524
Utica, Ohio 43080

We have audited the accompanying financial statements of the Village of Utica (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 17, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2001-30645-001 through 2001-30645-003. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village in a separate letter dated May 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 17, 2002.

Village of Utica
Licking County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

JIM PETRO
Auditor of State

May 17, 2002

VILLAGE OF UTICA
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30645-001

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending appropriations.

At December 31, 2001, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Street Fund	\$96,789	\$163,100	(\$66,311)
Permissive Tax	\$12,600	\$16,000	(\$3,400)
Sewer Fund	\$185,185	\$212,608	(\$27,423)

At December 31, 2000, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Street Fund	\$116,064	\$146,400	(\$ 30,336)
Permissive Tax	\$10,009	\$17,000	(\$ 6,991)
Cemetery	\$ 4,962	9,200	(\$ 4,238)
Police	\$ 248,859	\$ 292,000	(\$ 43,141)
Wastewater Capital	\$ 0.00	\$ 12,000	(\$ 12,000)
Reservoir	\$ 0.00	\$ 25,000	(\$ 25,000)
Income Tax	\$ 8,827	\$ 11,700	(\$ 2,873)

The Clerk-Treasurer should monitor appropriations versus estimated resources to assure appropriations are within total estimated resources. In addition, the Clerk-Treasurer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

FINDING NUMBER 2001-30645-002

Ohio Revised Code § 5705.41(D), states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

The Clerk-Treasurer may use blanket certificates. For blanket certificates, one blanket certificate may be issued for each line item appropriation and must not exceed \$5,000 and should not exceed three months. For super blanket certificates, more than one certificate can be outstanding per line item appropriation, can exceed three months and can be for any amount. These blanket certificates should be canceled at the end of each fiscal year.

Thirty-seven percent of transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all Village disbursements receive prior certification of the fiscal officer that the funds are or will be available. When prior certification is not possible, then and now certification should be utilized.

FINDING NUMBER 2001-30645-003

The Ohio Revised Code Section 5705.41(B) prohibits a Village from making an expenditure unless it has been properly appropriated.

At December 31, 2001, expenditures exceeded total appropriations as follows:

<u>Fund</u>	<u>Total Appropriated</u>	<u>Total Disbursed</u>	<u>Variance</u>
Water Debt Service	\$ 65,000.00	\$ 93,438.00	(\$ 28,438.00)

At December 31, 2000, expenditures exceeded total appropriations as follows:

<u>Fund</u>	<u>Total Appropriated</u>	<u>Total Disbursed</u>	<u>Variance</u>
Park	0	\$ 7647.00	(\$ 7647.00)
Police	\$ 292,000.00	\$ 330,470.00	(\$ 38,470.00)
Capital	\$ 30,000.00	\$ 89,000.00	(\$ 59,000.00)
Wastewater Capital	\$ 12,000.00	\$ 13,097.00	(\$ 1,097.00)
Water Debt Service	\$ 60,000.00	\$ 74,040.00	(\$ 14,040.00)
Income Tax	\$ 11,700.00	\$ 12,335.00	(\$ 635.00)

The Clerk-Treasurer should periodically review the appropriation ledger to ensure that expenditures do not exceed appropriations. The Clerk-Treasurer should not approve any disbursements which exceed appropriations. The Clerk-Treasurer should request Council to determine if they wish to approve the disbursements by amending appropriations.

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30645-001	ORC 5705.39 Appropriations exceeding total estimated resources	No	Not Corrected;
1999-30645-002	ORC 5705.41(B) Expenditures exceed appropriations	No	Not Corrected;
1999-30645-003	ORC 5705.41(D) Certification of funds	No	Not Corrected;



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF UTICA

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
JUNE 18, 2002**