



**VILLAGE OF UTICA
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF UTICA
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Council Members
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, Licking County, Ohio (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 of the Village of Utica, Licking County, Ohio, as of December 31, 1999 and December 31, 1998, 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 July 10, 2000 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.

This report is intended solely for the information and use of the Village Council, management, 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".

JIM PETRO
Auditor of State

July 10, 2000

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$214,087	\$126,416	\$73,131	\$11,300	\$424,934
Intergovernmental Receipts	90,633	93,542	0	0	184,175
Charges for Services	5,780	0	0	1,338	7,118
Fines, Licenses, and Permits	39,005	3,388	0	0	42,393
Miscellaneous	43,277	2,961	0	0	46,238
Total Cash Receipts	<u>392,782</u>	<u>226,307</u>	<u>73,131</u>	<u>12,638</u>	<u>704,858</u>
Cash Disbursements:					
Security of Persons and Property	0	300,036	0	0	300,036
Public Health Services	2,733	8,658	0	7,999	19,390
Leisure Time Activities	0	14,005	0	0	14,005
Community Environment	1,200	0	0	0	1,200
Basic Utility Services	13,970	0	0	0	13,970
Transportation	0	126,353	0	0	126,353
General Government	173,336	119	0	10,796	184,251
Capital Outlay	0	0	68,041	0	68,041
Total Disbursements	<u>191,239</u>	<u>449,171</u>	<u>68,041</u>	<u>18,795</u>	<u>727,246</u>
Total Receipts Over/(Under) Disbursements	<u>201,543</u>	<u>(222,864)</u>	<u>5,090</u>	<u>(6,157)</u>	<u>(22,388)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	241,000	0	0	241,000
Transfers-Out	(241,000)	0	0	0	(241,000)
Total Other Financing Receipts/(Disbursements)	<u>(241,000)</u>	<u>241,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(39,457)</u>	<u>18,136</u>	<u>5,090</u>	<u>(6,157)</u>	<u>(22,388)</u>
Fund Cash Balances, January 1, 1999	<u>448,869</u>	<u>26,227</u>	<u>59,221</u>	<u>16,698</u>	<u>551,015</u>
Fund Cash Balances, December 31, 1999	<u><u>\$409,412</u></u>	<u><u>\$44,363</u></u>	<u><u>\$64,311</u></u>	<u><u>\$10,541</u></u>	<u><u>\$528,627</u></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
PROPRIETARY AND OTHER FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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	\$374,512	\$0	\$374,512
Miscellaneous	6,855	0	6,855
Total Operating Cash Receipts	<u>381,367</u>	<u>0</u>	<u>381,367</u>
Operating Cash Disbursements:			
Personal Services	152,364	0	152,364
Travel Transportation	61	0	61
Contractual Services	91,459	0	91,459
Supplies and Materials	42,617	0	42,617
Total Operating Cash Disbursements	<u>286,501</u>	<u>0</u>	<u>286,501</u>
Operating Income/(Loss)	<u>94,866</u>	<u>0</u>	<u>94,866</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>0</u>	<u>46,145</u>	<u>46,145</u>
Total Non-Operating Cash Receipts	<u>0</u>	<u>46,145</u>	<u>46,145</u>
Non-Operating Cash Disbursements:			
Debt Service	136,886	0	136,886
Other Non-Operating Cash Disbursements	8,442	46,084	54,526
Total Non-Operating Cash Disbursements	<u>145,328</u>	<u>46,084</u>	<u>191,412</u>
Net Receipts Over/(Under) Disbursements	(50,462)	61	(50,401)
Fund Cash Balances, January 1, 1999	<u>525,612</u>	<u>1,267</u>	<u>526,879</u>
Fund Cash Balances, December 31, 1999	<u><u>\$475,150</u></u>	<u><u>\$1,328</u></u>	<u><u>\$476,478</u></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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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	\$213,163	\$121,041	\$72,661	\$12,500	\$419,365
Intergovernmental Receipts	142,611	72,006	43,953	0	258,570
Charges for Services	0	1,853	0	373	2,226
Fines, Licenses, and Permits	47,515	2,954	0	0	50,469
Miscellaneous	85,114	5,195	0	0	90,309
Total Cash Receipts	<u>488,403</u>	<u>203,049</u>	<u>116,614</u>	<u>12,873</u>	<u>820,939</u>
Cash Disbursements:					
Security of Persons and Property	0	274,469	0	0	274,469
Public Health Services	4,735	7,431	0	835	13,001
Leisure Time Activities	0	7,426	0	0	7,426
Community Environment	1,200	0	0	0	1,200
Basic Utility Services	12,764	0	0	0	12,764
Transportation	0	106,746	0	0	106,746
General Government	138,389	0	0	13,312	151,701
Capital Outlay	0	0	117,182	0	117,182
Total Disbursements	<u>157,088</u>	<u>396,072</u>	<u>117,182</u>	<u>14,147</u>	<u>684,489</u>
Total Receipts Over/(Under) Disbursements	<u>331,315</u>	<u>(193,023)</u>	<u>(568)</u>	<u>(1,274)</u>	<u>136,450</u>
Other Financing Receipts/(Disbursements):					
Other Uses	(790)	0	0	0	(790)
Transfers-In	0	181,179	0	0	181,179
Transfers-Out	(178,225)	(2,954)	0	0	(181,179)
Total Other Financing Receipts/(Disbursements)	<u>(179,015)</u>	<u>178,225</u>	<u>0</u>	<u>0</u>	<u>(790)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>152,300</u>	<u>(14,798)</u>	<u>(568)</u>	<u>(1,274)</u>	<u>135,660</u>
Fund Cash Balances, January 1, 1998	<u>296,569</u>	<u>41,025</u>	<u>59,789</u>	<u>17,972</u>	<u>415,355</u>
Fund Cash Balances, December 31, 1998	<u><u>\$448,869</u></u>	<u><u>\$26,227</u></u>	<u><u>\$59,221</u></u>	<u><u>\$16,698</u></u>	<u><u>\$551,015</u></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
PROPRIETARY AND OTHER FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Fund</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$374,928	\$0	\$374,928
Miscellaneous	5,537	0	5,537
Total Operating Cash Receipts	<u>380,465</u>	<u>0</u>	<u>380,465</u>
Operating Cash Disbursements:			
Personal Services	141,522	0	141,522
Travel Transportation	110	0	110
Contractual Services	74,066	0	74,066
Supplies and Materials	31,956	0	31,956
Total Operating Cash Disbursements	<u>247,654</u>	<u>0</u>	<u>247,654</u>
Operating Income/(Loss)	<u>132,811</u>	<u>0</u>	<u>132,811</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	0	61,111	61,111
Total Non-Operating Cash Receipts	<u>0</u>	<u>61,111</u>	<u>61,111</u>
Non-Operating Cash Disbursements:			
Debt Service	136,885	0	136,885
Other Non-Operating Cash Disbursements	20,353	61,051	81,404
Total Non-Operating Cash Disbursements	<u>157,238</u>	<u>61,051</u>	<u>218,289</u>
Net Receipts Over/(Under) Disbursements	(24,427)	60	(24,367)
Fund Cash Balances, January 1, 1998	<u>550,039</u>	<u>1,207</u>	<u>551,246</u>
Fund Cash Balances, December 31, 1998	<u>\$525,612</u>	<u>\$1,267</u>	<u>\$526,879</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, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Utica, Licking County, Ohio, (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 general governmental services, including water and sewer utilities, park operations (leisure time activities), 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

Certificates of deposit are valued at cost.

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.

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:

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.

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.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Project Funds

These funds are 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 Projects Fund:

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

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.

Fiduciary 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.

Mayor's 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 the State.

E. Budgetary Process

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

VILLAGE OF UTICA
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. Budgetary Process (Continued)

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 108,827	\$ 158,145
Certificates of deposit	<u>896,278</u>	<u>919,749</u>
Total deposits	<u>\$ 1,005,105</u>	<u>\$ 1,077,894</u>

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 401,285	\$ 392,782	\$ (8,503)
Special Revenue	270,522	467,307	196,785
Capital Projects	69,100	73,131	4,031
Enterprise	363,000	381,367	18,367
Fiduciary (Expendable Trust)	9,200	12,638	3,438
Total	<u>\$ 1,113,107</u>	<u>\$ 1,327,225</u>	<u>\$ 214,118</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 540,850	\$ 432,239	\$ 108,611
Special Revenue	465,950	449,171	16,779
Capital Projects	68,500	68,041	459
Enterprise	533,560	431,829	101,731
Fiduciary (Expendable Trust)	17,200	18,795	(1,595)
Total	<u>\$ 1,626,060</u>	<u>\$ 1,400,075</u>	<u>\$ 225,985</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 319,027	\$ 488,403	\$ 169,376
Special Revenue	406,911	384,228	(22,683)
Capital Projects	69,760	116,614	46,854
Enterprise	377,196	380,465	3,269
Fiduciary (Expendable Trust)	25,500	12,873	(12,627)
Total	<u>\$ 1,198,394</u>	<u>\$ 1,382,583</u>	<u>\$ 184,189</u>

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 486,221	\$ 336,103	\$ 150,118
Special Revenue	425,699	399,026	26,673
Capital Projects	74,000	117,182	(43,182)
Enterprise	565,123	404,892	160,231
Fiduciary (Expendable Trust)	19,171	14,147	5,024
Total	\$ 1,570,214	\$ 1,271,350	\$ 298,864

In 1999, appropriations exceeded the estimated revenues in the Street Construction, Maintenance and Repair, Cemetery, Police, and Income Tax Funds. Also, expenditures exceeded appropriations in the Cemetery Endowment Fund. Prior certification of funds as prescribed by Ohio Revised Code 5705.41(D) was not always followed.

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 payment, 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.

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 493,372	10.00%
Ohio Public Works Loan	525,000	0.00%
Bond Anticipation Notes	207,714	5.17%
Equipment Lease	34,578	5.00%
Total	\$ 1,260,664	

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

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 semiannual 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 improvements 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 OPWC 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 1999 Chevrolet Blazer Police Cruiser and a 1989 Ford Cargo Vacuum Sweeper.

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

Year ending December 31:	OWDA Loan	OPWC Loan	Anticipation Notes	Equipment Lease
2000	\$ 76,885	\$ 30,000	\$ 30,000	\$ 15,057
2001	76,885	30,000	30,000	15,057
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
Subsequent	461,317	375,000	113,836	0
Total	<u>\$ 845,742</u>	<u>\$ 525,000</u>	<u>\$ 263,836</u>	<u>\$ 36,865</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

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.

8. MAYOR'S 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, 1999 and December 31, 1998 represent court collections to be paid to the Village, State, or other claimants of such monies.

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

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

We have audited the financial statements of the Village of Utica, Licking County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 10, 2000. We conducted our audits in accordance with generally accepted auditing standards 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* which are described in the accompanying schedule of findings as items 1999-30645-001, 1999-30645-002, and 1999-30645-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 10, 2000.

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 July 10, 2000.

This report is intended for the information and use of the Village Council and management, 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

July 10, 2000

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30645-001

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources available for expenditure as certified by the budget commission. In 1999, the following funds were found to have appropriations in excess of the estimated revenue available for expenditure:

Fund Type / Funds	Total Available	Total Appropriated	Variance
Special Revenue Funds:			
Street Construction Fund	\$90,461	\$119,900	(\$29,439)
Cemetery Fund	3,908	9,550	(5,642)
Police Fund	123,085	297,500	(174,415)
Fiduciary Fund:			
Income Tax Fund	9,322	12,200	(2,878)

The Clerk/Treasurer and Council should closely monitor appropriations versus total estimated revenues and make appropriate budgetary adjustments when they are needed.

FINDING NUMBER 1999-30645-002

Ohio Rev. Code Section 5705.41(B) prohibits a Village from making an expenditure unless it has been properly appropriated. In 1999, the following fund was found to have disbursements in excess of appropriations:

Fund Type / Funds	Total Appropriated	Total Disbursed	Variance
Fiduciary Fund:			
Cemetery Endowment	\$5,000	\$7,999	(\$2,999)

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 FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30645-003

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Proper certification of funds available prior to the payment of expenditures was not completed for 96% percent of the expenditures tested in 1999 and 1998.

The Village should certify funds before each payment is made through the issuance of a regular, blanket or super blanket purchase order. One blanket certificate can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. These blanket certificates should be canceled at the end of each fiscal year. A super blanket purchase order can be for any amount.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from Council. However, then and now certificates issued by the Clerk over \$1,000 must be authorized by Council within thirty days after payment.



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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
AUGUST 24, 2000**