

**VILLAGE OF UTICA**

**AUDIT REPORT**

**JANUARY 1, 2014 - DECEMBER 31, 2015**





# Dave Yost • Auditor of State

Village Council  
Village of Utica  
39 Spring Street  
Utica, Ohio 43080

We have reviewed the *Independent Auditors' Report* of the Village of Utica, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 "Dave Yost".

Dave Yost  
Auditor of State

July 11, 2016

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**VILLAGE OF UTICA  
LICKING COUNTY  
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 by fund type and related notes of the Village of Utica, Licking County, as of and for the years ended December 31, 2015 and 2014.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Utica as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Utica, Licking County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2016, on our consideration of the Village of Utica's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 11, 2016

**VILLAGE OF UTICA  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 74,898	\$ 15,419	\$ -	\$ 90,317
Municipal Income Tax	526,417	82,145	-	608,562
Intergovernmental Receipts	57,490	108,558	-	166,048
Charges for Services	89,888	7,225	-	97,113
Fines, Licenses, and Permits	60,650	1,520	-	62,170
Earnings on Investments	2,192	-	-	2,192
Miscellaneous	14,169	30	-	14,199
<b>Total Cash Receipts</b>	825,704	214,897	-	1,040,601
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	339,089	-	-	339,089
Public Health Services	5,183	-	-	5,183
Leisure Time Activities	70,992	-	-	70,992
Community Environment	-	3,200	-	3,200
Basic Utility Services	22,575	-	-	22,575
Transportation	-	186,283	-	186,283
General Government	252,781	3,199	-	255,980
Capital Outlay	7,010	-	-	7,010
<b>Total Cash Disbursements</b>	697,630	192,682	-	890,312
<b>Excess of Receipts Over/(Under) Disbursements</b>	128,074	22,215	-	150,289
<b>Other Financing Receipts</b>				
Loan Proceeds	-	8,204	-	8,204
<b>Total Other Financing Receipts</b>	-	8,204	-	8,204
<b>Net Change in Fund Cash Balance</b>	128,074	30,419	-	158,493
<b>Fund Cash Balances, January 1, 2015</b>	265,484	232,607	36,003	534,094
<b>Fund Cash Balances, December 31, 2015</b>				
Restricted	-	263,026	-	263,026
Committed	-	-	36,003	36,003
Unassigned (Deficit)	393,558	-	-	393,558
<b>Fund Cash Balances, December 31, 2015</b>	\$ 393,558	\$ 263,026	\$ 36,003	\$ 692,587

See notes to financial statements.

**VILLAGE OF UTICA  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary</u>		<u>Fiduciary</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 561,944	\$ -	\$ -	\$ 561,944
Miscellaneous	-	13,689	-	13,689
<b>Total Operating Cash Receipts</b>	<u>561,944</u>	<u>13,689</u>	<u>-</u>	<u>575,633</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	162,677	-	-	162,677
Fringe Benefits	60,031	-	-	60,031
Contractual Services	12,202	-	-	12,202
Supplies and Materials	169,920	-	-	169,920
Other	47,904	13,689	-	61,593
<b>Total Operating Cash Disbursements</b>	<u>452,734</u>	<u>13,689</u>	<u>-</u>	<u>466,423</u>
Operating Income/(Loss)	<u>109,210</u>	<u>-</u>	<u>-</u>	<u>109,210</u>
<b>Non-Operating Cash Receipts:</b>				
Loan Proceeds	16,408	-	-	16,408
Fines and Fees Collected	-	-	77,048	77,048
<b>Total Non-Operating Cash Receipts</b>	<u>16,408</u>	<u>-</u>	<u>77,048</u>	<u>93,456</u>
<b>Non-Operating Cash Disbursements:</b>				
Fines and Fees Disbursed	-	-	74,505	74,505
Debt Service-Principal	73,458	-	-	73,458
<b>Total Non-Operating Cash Disbursements</b>	<u>73,458</u>	<u>-</u>	<u>74,505</u>	<u>147,963</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>52,160</u>	<u>-</u>	<u>2,543</u>	<u>54,703</u>
<b>Fund Cash Balances, January 1</b>	<u>968,574</u>	<u>-</u>	<u>2,227</u>	<u>970,801</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,020,734</u>	<u>\$ -</u>	<u>\$ 4,770</u>	<u>\$ 1,025,504</u>

See notes to financial statements.

**VILLAGE OF UTICA  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 45,500	\$ -	\$ -	\$ 45,500
Municipal Income Tax	485,150	76,018	-	561,168
Intergovernmental Receipts	245,019	70,640	-	315,659
Charges for Services	26,411	9,200	-	35,611
Fines, Licenses, and Permits	50,073	1,050	-	51,123
Earnings on Investments	2,083	-	-	2,083
Miscellaneous	22,715	-	-	22,715
<b>Total Cash Receipts</b>	<u>876,951</u>	<u>156,908</u>	<u>-</u>	<u>1,033,859</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	336,622	3,198	-	339,820
Public Health Services	4,570	-	-	4,570
Leisure Time Activities	244	-	-	244
Community Environment	-	1,852	-	1,852
Basic Utility Services	28,330	-	-	28,330
Transportation	-	147,565	-	147,565
General Government	440,253	2,796	-	443,049
Capital Outlay	446	-	3,890	4,336
<b>Total Cash Disbursements</b>	<u>810,465</u>	<u>155,411</u>	<u>3,890</u>	<u>969,766</u>
<b>Net Change in Fund Cash Balance</b>	66,486	1,497	(3,890)	64,093
<b>Fund Cash Balances, January 1, 2014</b>	<u>198,998</u>	<u>231,110</u>	<u>39,893</u>	<u>470,001</u>
<b>Fund Cash Balances, December 31, 2014</b>				
Restricted	-	232,607	-	232,607
Committed	-	-	36,003	36,003
Unassigned (Deficit)	265,484	-	-	265,484
<b>Fund Cash Balances, December 31, 2014</b>	<u>\$ 265,484</u>	<u>\$ 232,607</u>	<u>\$ 36,003</u>	<u>\$ 534,094</u>

See notes to financial statements.

**VILLAGE OF UTICA  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 525,185	\$ -	\$ 525,185
<b>Total Operating Cash Receipts</b>	<u>525,185</u>	<u>-</u>	<u>525,185</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	156,242	-	156,242
Fringe Benefits	55,598	-	55,598
Contractual Services	9,228	-	9,228
Supplies and Materials	191,235	-	191,235
Other	26,276	-	26,276
<b>Total Operating Cash Disbursements</b>	<u>438,579</u>	<u>-</u>	<u>438,579</u>
Operating Income/(Loss)	<u>86,606</u>	<u>-</u>	<u>86,606</u>
<b>Non-Operating Cash Receipts:</b>			
Loan Proceeds	28,814	-	28,814
Fines and Fees Collected	-	29,796	29,796
<b>Total Non-Operating Cash Receipts</b>	<u>28,814</u>	<u>29,796</u>	<u>58,610</u>
<b>Non-Operating Cash Disbursements:</b>			
Fines and Fees Disbursed	-	28,449	28,449
Capital Outlay	46,240	-	46,240
Debt Service-Principal	68,576	-	68,576
<b>Total Non-Operating Cash Disbursements</b>	<u>114,816</u>	<u>28,449</u>	<u>143,265</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>604</u>	<u>1,347</u>	<u>1,951</u>
<b>Fund Cash Balances, January 1</b>	<u>967,970</u>	<u>880</u>	<u>968,850</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 968,574</u>	<u>\$ 2,227</u>	<u>\$ 970,801</u>

See notes to financial statements.

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Buckeye Lake, Licking County, Ohio (the Village) as a body corporate and politic. A publicly-elected seven-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 Village's Fiscal Officer.

The Village participates in the Ohio Municipal Joint Self Insurance Pool, a public entity risk pool. Note 8 to the financial statements provide additional information on this entity.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

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

The Village values certificates of deposits at cost.

**D. Fund Accounting**

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

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

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

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

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

**Capital Projects 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 Funds:

Capital Projects Fund - This fund receives income tax revenue to make capital outlays.

**Enterprise Funds**

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

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

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

**Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**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.

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

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

**F. Fund Balance (Continued)**

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

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

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

	<u>2015</u>	<u>2014</u>
Demand Deposits	\$ 1,418,301	\$ 1,206,076
Certificates of Deposit	299,790	298,819
Total Deposits	<u>\$ 1,718,091</u>	<u>\$ 1,504,895</u>

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

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

<b>2015 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 892,377	\$ 825,704	\$ (66,673)
Special Revenue	219,699	223,101	3,402
Internal Service	13,689	13,689	-
Enterprise	569,167	578,352	9,185
Total	<u>\$ 1,694,932</u>	<u>\$ 1,640,846</u>	<u>\$ (54,086)</u>

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,024,669	\$ 697,630	\$ 327,039
Special Revenue	437,738	192,682	245,056
Capital Project	36,003	-	36,003
Internal Service	13,689	13,689	-
Enterprise	1,457,523	526,192	931,331
Total	<u>\$ 2,969,622</u>	<u>\$ 1,430,193</u>	<u>\$ 1,539,429</u>

<b>2014 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 877,246	876,951	\$ (295)
Special Revenue	187,600	156,908	(30,692)
Capital Projects	-	-	-
Enterprise	524,950	553,999	29,049
Total	<u>\$ 1,589,796</u>	<u>\$ 1,587,858</u>	<u>\$ (1,938)</u>

<b>2014 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,031,816	\$ 810,465	\$ 221,351
Special Revenue	317,397	155,411	161,986
Capital Projects	75,000	3,890	71,110
Enterprise	705,283	553,395	151,888
Total	<u>\$ 2,129,496</u>	<u>\$ 1,523,161</u>	<u>\$ 606,335</u>

Contrary to ORC 5705.39, the Village has funds where appropriations are greater than estimated resources.

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

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**4. PROPERTY TAX**

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.75% 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, 2015 was as follows:

	2015 Principal	%
Ohio Public Works Commission CQ727	\$ 45,000	0.0
Ohio Public Works Commission CQ13H	47,000	0.0
Ohio Public Works Commission CT71N	645,759	0.0
Ohio Public Works Commission CQ19R	25,932	0.0
Dump Truck Bonds	24,612	3.5
Total	\$ 788,303	

The Ohio Public Works Commission (OPWC) loan CQ727 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 OPWC debt service requirements. This will be paid through the Enterprise Water 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.

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**6. DEBT (Continued)**

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 \$2,881 over 10 years.

In November 2015, the Village issued bonds in the amount of 24,612 for the purchase of a Dump Truck to be used by the street department and utility services. This will be repaid over four years with interest calculated annually at 3.52%. The Dump Truck collateralizes the bonds. This will be repaid by the street fund and enterprise debt service funds.

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

Year Ending December 31	OPWC CQ727	OPWC CQ13H	OPWC CT71N	OPWC CQ19R	Dump Truck Bonds
2016	\$ 30,000	\$ 4,700	\$ 35,876	\$ 2,881	\$ 6,680
2017	15,000	4,700	35,876	2,881	6,680
2018	-	4,700	35,876	2,881	6,680
2019	-	4,700	35,876	2,881	6,680
2020	-	4,700	35,876	2,881	-
2021-2025	-	23,500	179,380	11,527	-
2026-2030	-	-	179,380	-	-
2031-2035	-	-	107,619	-	-
	<u>\$ 45,000</u>	<u>\$ 47,000</u>	<u>\$ 645,759</u>	<u>\$ 25,932</u>	<u>\$ 26,720</u>

**7. RETIREMENT SYSTEMS**

The Villages law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans benefits which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% from January 1, 2014 to June 30, 2014, they contributed 11.50% from July 1, 2014 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2015. For 2015 and 2014, the Village contributed to OP&F and amount equal to 19.50% of full-time law enforcement wages. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

**VILLAGE OF UTICA  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**8. RISK MANAGEMENT**

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 changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

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, 2015, 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$ 1,339,719	\$ 1,030,198
Liabilities	(1,051,927)	(882,203)
Accumulated Surplus	<u>\$ 287,792</u>	<u>\$ 147,995</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Utica, Licking County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 11, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Utica's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Utica's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

***Entity's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 11, 2016

**VILLAGE OF UTICA  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

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

**FINDING NUMBER 2015-001**

**Noncompliance – Certification of Funds**

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

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

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

**VILLAGE OF UTICA  
LICKING COUNTY**

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

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

**FINDING NUMBER 2015-001 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 36% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

Client Response: Are currently using "Then and Now" Certificates and Blanket Purchase orders and this citation should be significantly reduced moving forward.

**VILLAGE OF UTICA  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2013-01	ORC 5705.41(D) Prior certification of availability not done	No	Not Corrected: Stated as Finding Number 2015-001 in current report
2013-02	ORC 5705.41(B) Expenditures cannot exceed appropriations	Yes	Finding No Longer Valid
2013-03	On-Behalf-of payments not recorded	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

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  
JULY 21, 2016