

**VILLAGE OF UTICA
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2006 – DECEMBER 31, 2007

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Members of 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 Wolfe, Wilson & Phillips, Inc. for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 24, 2008

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**VILLAGE OF UTICA
LICKING COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Utica
P.O. Box 524
Utica, Ohio 43080

We have audited the accompanying financial statement of the Village of Utica, Licking County as of and for the years ended December 31, 2007 and 2006. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ending December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Utica as of December 31, 2007 and 2006, and or its changes in financial position for the years then ended.

Also, 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, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2008, on our consideration of the Village of Utica's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 18, 2008

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 79,304	\$ 193,051	\$ -	\$ -	\$ 272,355
Municipal Income Tax	181,326	57,971	83,195	29,157	351,649
Intergovernmental Receipts	65,363	103,429	-	-	168,792
Charges for Services	17,000	10,835	-	2,163	29,998
Fines, Licenses, and Permits	15,058	1,160	-	-	16,218
Earnings on Investments	30,736	-	-	-	30,736
Miscellaneous	46,292	-	-	-	46,292
Total Cash Receipts	<u>435,079</u>	<u>366,446</u>	<u>83,195</u>	<u>31,320</u>	<u>916,040</u>
Cash Disbursements					
Current:					
Security of Persons and Property	5,255	379,926	15,267	13,520	413,968
Public Health Services	-	10,569	-	-	10,569
Community Environment	-	1,539	-	-	1,539
Basic Utility Services	18,265	-	85	-	18,350
Transportation	-	163,398	63,740	-	227,138
General Government	178,618	-	1,974	21,773	202,365
Debt Service:					
Principal Payments	16,421	16,219	-	-	32,640
Interest payments	1,302	1,881	-	-	3,183
Capital Outlay	-	-	-	-	-
Total Cash Disbursements	<u>219,861</u>	<u>573,532</u>	<u>81,066</u>	<u>35,293</u>	<u>909,752</u>
Total Receipts Over/(Under) Disbursements	215,218	(207,086)	2,129	(3,973)	6,288
Other Financing Receipts/(Disbursements)					
Transfers - In	-	196,000	-	6,500	202,500
Transfers - Out	(217,500)	-	-	-	(217,500)
Total Other Financing Receipts/(Disbursements)	<u>(217,500)</u>	<u>196,000</u>	<u>-</u>	<u>6,500</u>	<u>(15,000)</u>
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,282)	(11,086)	2,129	2,527	(8,712)
Fund Cash Balnces, January 1, 2007	<u>79,582</u>	<u>175,816</u>	<u>25,256</u>	<u>12,840</u>	<u>293,494</u>
Fund Cash Balances, December 31, 2007	<u>\$ 77,300</u>	<u>\$ 164,730</u>	<u>\$ 27,385</u>	<u>\$ 15,367</u>	<u>\$ 284,782</u>

See notes to financial statements.

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND OTHER FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 489,669	\$ -	\$ 489,669
Miscellaneous	13,841	-	13,841
Total Operating Cash Receipts	<u>503,510</u>	<u>-</u>	<u>503,510</u>
Operating Cash Disbursements:			
Personal Services	154,321	-	154,321
Contractual Services	58,286	-	58,286
Supplies and Materials	72,648	-	72,648
Other	8,842	-	8,842
Capital Outlay	44,999	-	44,999
Total Operating Cash Disbursements	<u>339,096</u>	<u>-</u>	<u>339,096</u>
Operating Income/(Loss)	<u>164,414</u>	<u>-</u>	<u>164,414</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	24,527	24,527
Total Non-Operating Cash Receipts	<u>-</u>	<u>24,527</u>	<u>24,527</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	88,907	-	88,907
Interest Payments	22,678	-	22,678
Other Non-Operating Cash Disbursements	-	23,772	23,772
Total Non-Operating cash Disbursements	<u>111,585</u>	<u>23,772</u>	<u>135,357</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>52,829</u>	<u>755</u>	<u>53,584</u>
Transfers - In	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net Receipts Over/(Under) Disbursements	<u>67,829</u>	<u>755</u>	<u>68,584</u>
Fund Cash Balances, January 1, 2007	<u>221,526</u>	<u>1,337</u>	<u>222,863</u>
Fund Cash Balances, December 31, 2007	<u>\$ 289,355</u>	<u>\$ 2,092</u>	<u>\$ 291,447</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 AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 81,376	\$ 202,973	\$ 70,455	\$ -	\$ 354,804
Municipal Income Tax	165,910	59,156	-	16,000	241,066
Intergovernmental Receipts	80,823	115,511	-	-	196,334
Charges for Services	18,060	3,109	-	1,100	22,269
Fines, Licenses, and Permits	24,138	-	-	-	24,138
Earnings on Investments	20,322	-	-	-	20,322
Miscellaneous	40,120	91,251	-	3,784	135,155
Total Cash Receipts	<u>430,749</u>	<u>472,000</u>	<u>70,455</u>	<u>20,884</u>	<u>994,088</u>
Cash Disbursements					
Current:					
Security of Persons and Property	92,533	337,204	8,539	11,607	449,883
Public Health Services	4,683	9,002	-	132	13,817
Community Environment	1,320	-	-	-	1,320
Basic Utility Services	14,479	5,093	7,614	-	27,186
Transportation	-	121,505	63,559	-	185,064
General Government	232,676	42,317	35,825	9,110	319,928
Debt Service:					
Principal Payments	16,682	15,593	-	-	32,275
Interest payments	1,441	2,509	-	-	3,950
Capital Outlay	50,475	-	-	-	50,475
Total Cash Disbursements	<u>414,289</u>	<u>533,223</u>	<u>115,537</u>	<u>20,849</u>	<u>1,083,898</u>
Total Receipts Over/(Under) Disbursements	16,460	(61,223)	(45,082)	35	(89,810)
Other Financing Receipts/(Disbursements)					
Transfers - In	-	39,370	-	-	39,370
Sale of Notes	50,475	-	-	-	50,475
Transfers - Out	(83,500)	-	-	-	(83,500)
Total Other Financing Receipts/(Disbursements)	(33,025)	39,370	-	-	6,345
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,565)	(21,853)	(45,082)	35	(83,465)
Fund Cash Balnces, January 1, 2006	<u>96,147</u>	<u>197,669</u>	<u>70,338</u>	<u>12,805</u>	<u>376,959</u>
Fund Cash Balances, December 31, 2006	<u>\$ 79,582</u>	<u>\$ 175,816</u>	<u>\$ 25,256</u>	<u>\$ 12,840</u>	<u>\$ 293,494</u>

See notes to financial statements.

**VILLAGE OF UTICA
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND OTHER FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 485,253	\$ -	\$ 485,253
Miscellaneous	15,663	-	15,663
Total Operating Cash Receipts	<u>500,916</u>	<u>-</u>	<u>500,916</u>
Operating Cash Disbursements:			
Personal Services	178,819	-	178,819
Contractual Services	74,266	-	74,266
Supplies and Materials	34,282	-	34,282
Other	17,503	-	17,503
Capital Outlay	39,737	-	39,737
Total Operating Cash Disbursements	<u>344,607</u>	<u>-</u>	<u>344,607</u>
Operating Income/(Loss)	<u>156,309</u>	<u>-</u>	<u>156,309</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	30,949	30,949
Total Non-Operating Cash Receipts	<u>-</u>	<u>30,949</u>	<u>30,949</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	149,023	-	149,023
Interest Payments	45,767	-	45,767
Other Non-Operating Cash Disbursements	-	30,259	30,259
Total Non-Operating cash Disbursements	<u>194,790</u>	<u>30,259</u>	<u>225,049</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(38,481)	690	(37,791)
Transfers - In	<u>44,130</u>	<u>-</u>	<u>44,130</u>
Net Receipts Over/(Under) Disbursements	5,649	690	6,339
Fund Cash Balances, January 1, 2006	<u>215,877</u>	<u>647</u>	<u>216,524</u>
Fund Cash Balances, December 31, 2006	<u>\$ 221,526</u>	<u>\$ 1,337</u>	<u>\$ 222,863</u>

See notes to financial statements.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

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, and police services.

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

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

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 included in fund cash balances. Accordingly, purchase 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:

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, 2007 and 2006**

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.

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

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 Fund:

Capital Fund - This fund receives income tax proceeds to make capital outlay purchases and to pay for debt related to those 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 Sewer 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 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. 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, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Trust and Agency Funds) (Continued)

Cemetery Endowment Fund – This fund receives a portion of cemetery lot sales and burial fees to pay for cemetery maintenance.

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. 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.

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.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds, except for mayor's Court funds, which are maintained in a separate bank account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Demand Deposits	\$ 174,893	\$ 48,660
Certificates of Deposit	401,336	467,697
Total Deposits	\$ 576,229	\$ 516,357

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 year ended December 31, 2007 and 2006 is as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 488,781	\$ 435,079	\$ (53,702)
Special Revenue	351,525	562,446	210,921
Capital Projects	114,000	83,195	(30,805)
Enterprise	448,311	518,510	70,199
Fiduciary (Expendable)	16,200	37,820	21,620
Total	\$ 1,418,817	\$ 1,637,020	\$ 218,203

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 684,359	\$ 437,361	\$ 246,998
Special Revenue	608,280	573,532	34,748
Capital Projects	80,000	81,066	(1,066)
Enterprise	474,400	450,681	23,719
Fiduciary (Expendable)	25,700	35,293	(9,593)
Total	\$ 1,872,739	\$ 1,577,933	\$ 294,806

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 512,491	\$ 481,224	\$ (31,267)
Special Revenue	541,404	511,370	(30,034)
Capital Projects	82,272	70,455	(11,817)
Enterprise	514,861	545,046	30,185
Fiduciary (Expendable)	16,200	20,884	4,684
Total	\$ 1,667,228	\$ 1,628,979	\$ (38,249)

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 562,250	\$ 497,789	\$ 64,461
Special Revenue	657,014	533,223	123,791
Capital Projects	110,000	115,537	(5,537)
Enterprise	535,702	498,772	36,930
Fiduciary (Expendable)	27,500	20,849	6,651
Total	\$ 1,892,466	\$ 1,666,170	\$ 226,296

For several funds in 2007 and 2006, the Village was not fully in compliance with Ohio Revised Code Sections 5705.39 and 5705.41(B).

4. PROPERTY TAX

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 by 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.

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 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.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

6. DEBT

Debt outstanding at December 31, 2007 and 2006 was as follows:

	2007 Principal	%
Ohio Water Development Authority Loans	\$ 160,961	4.56
Ohio Public Works Commission CQ727	270,000	0.00
Ohio Public Works Commission CQ13H	82,250	0.00
Capital Lease-Cruiser	3,446	5.00
Capital Lease – Software	17,372	5.73
Capital Lease-Dump Truck	6,561	3.78
Capital Lease-Backhoe	21,375	3.78
Total	\$ 561,965	

The Ohio Water Development Authority (OWDA) loan relates to the construction of a wastewater plant that was mandated by the Ohio Environment Protection Agency. The loan will be repaid in semiannual installments of \$38,442 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 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.

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.

In 2003, the Village entered into a lease agreement with Park National Bank for the purchase of a dump truck. The lease is collateralized by the dump truck.

In 2005, the Village entered into a lease agreement with Park National Bank for the purchase of a backhoe. The lease is collateralized by the backhoe.

In 2005, the Village entered into a lease agreement with Park National Bank for the purchase of a cruiser. The lease is collateralized by the cruiser. This was not included in the debt schedule of the prior audit report.

In 2006, the Village entered into a lease agreement with Park National Bank for the purchase of computers and software. The lease is collateralized by the equipment.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

6. DEBT (Continued)

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

Year Ending December 31	OWDA Loans	OPWC Loans	Capital Leases
2008	\$ 76,886	\$ 34,700	\$ 36,223
2009	76,888	34,700	7,671
2010	38,442	34,700	7,669
2011	-	34,700	-
2012	-	34,700	-
2013-2017	-	143,500	-
2018-2022	-	23,500	-
2023-2027	-	11,750	-
	<u>\$ 192,214</u>	<u>\$ 352,250</u>	<u>\$ 51,563</u>

7. RETIREMENT SYSTEMS

The Villages law enforcement officers and firefighters 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 2007 and 2006, members of OP&F contributed 10% of their wages to OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 9.5% and 9.00% of their gross salaries for 2007 and 2006, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

**VILLAGE OF UTICA
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

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 2744.081 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' deductible.

The Pool cedes reinsurance or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$ 2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Retained (deficit) earnings	<u>\$ (799,191)</u>	<u>\$ (1,216,059)</u>

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
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
P.O. Box 524
Utica, Ohio 43080

We have audited the financial statements of Village of Utica as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 18, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Utica's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated April 18, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Utica's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as items 2007-01 through 2007-03. Also, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Utica in a separate letter dated February 18, 2008.

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

This report is intended for the information of the Village's management, Clerk, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 18, 2008

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-01 NONCOMPLIANCE

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated 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.

The Village had the following fund with appropriations greater than estimated resources.

Year	Fund	Total Certified Resources	Approved Appropriations	Variance
2007	General	\$ 568,692	\$ 684,359	\$ (115,667)
2007	Cemetery	1,225	10,500	(9,275)
2007	Police Fund	167,350	393,765	(226,415)
2007	Sewer Equipment	15,571	20,000	(4,429)
2007	Income Tax	15,012	19,200	(4,188)
2006	Permissive Tax	13,268	17,000	(3,732)
2006	Cemetery	2,314	13,820	(11,506)
2006	Park	831	1,500	(699)
2006	Police Fund	409,099	426,701	(17,602)
2006	Water	152,381	158,339	(5,958)
2006	Income Tax	15,945	27,000	(11,055)

We recommend the Village monitor appropriations versus total certified 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.

Client Response: We agree and we will monitor budgetary appropriations versus estimated resources.

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-02 NONCOMPLIANCE

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

Year	Fund	Total Appropriated	Total Expenditures	Variance
2007	Park	\$ -	\$ 1,539	\$ (1,539)
2007	Cemetery	10,050	10,569	(519)
2007	FEMA	-	283	(283)
2007	Capital Project	80,000	81,066	(1,066)
2007	DS-Water	35,000	45,000	(10,000)
2007	DS-Sewer	65,000	76,885	(11,885)
2007	Income Tax	19,200	28,929	(9,729)
2006	DARE	2,000	4,822	(2,822)
2006	FEMA	-	5,093	(5,093)
2006	Capital Project	110,000	115,537	(5,537)
2006	DS-Water	100,000	113,205	(13,205)
2006	DS-Sewer	70,000	116,622	(46,622)

We recommend the Village not make payments that would exceed appropriations. The Village should compare disbursements with appropriations on a monthly basis and take needed action to ensure all disbursements have been appropriated.

Client Response: We agree with finding and will monitor budgetary expenditures with appropriations.

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2005-03 NONCOMPLIANCE

Ohio Revised 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.

Prior certification was not obtained for 40% in 2007 and 17% in 2006 of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. 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 the Trustees. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by Council within thirty days after payment.

Client Response: Client agrees with finding, will review expenditures and try to certify prior to disbursement.

**VILLAGE OF UTICA
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-01	ORC 5705.39 Appropriations greater than estimated resources	No	Not Corrected: Stated as Finding Number 2007-01 in current report
2005-02	ORC 5705.41(B) Expenditures greater than appropriations	No	Not Corrected: Stated as Finding Number 2007-02 in current report
2005-03	ORC 5705.41(D) Prior certification of availability not done	No	Not Corrected: Stated as Finding Number 2007-03 in current report



Mary Taylor, CPA
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 8, 2008