

VILLAGE OF UTICA
LICKING COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Utica, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Utica is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 07, 2024

This page intentionally left blank.

VILLAGE OF UTICA
LICKING COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2023	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary Fund Types - For the Year Ended December 31, 2023	5
Combined Statement of Additions, Deletions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2023	6
Notes to the Financial Statements - 2023	7
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022	16
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary Fund Types - For the Year Ended December 31, 2022	17
Combined Statement of Additions, Deletions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2022	18
Notes to the Financial Statements - 2022	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Schedule of Findings	33
Summary Schedule of Prior Findings (Prepared by Management)	35
Corrective Action Plan (Prepared by Management)	36

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Utica, Licking County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position, thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 27, 2024

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Special Revenue	Total Governmental Fund
Cash Receipts:			
Property and other local taxes	\$ 122,814	\$ -	\$ 122,814
Municipal income taxes	822,311	125,646	947,957
Intergovernmental	89,605	192,270	281,875
Charges for services	5,901	14,375	20,276
Licenses and permits	7,149	-	7,149
Fines and forfeitures	38,176	2,151	40,327
Investment earnings	34,783	-	34,783
Miscellaneous	46,898	12,779	59,677
Total cash receipts	<u>1,167,637</u>	<u>347,221</u>	<u>1,514,858</u>
Cash Disbursements:			
Current:			
General government	470,528	3,279	473,807
Security of persons and property	460,812	-	460,812
Leisure time activities	1,213	-	1,213
Community environment	-	10,734	10,734
Transportation	15,044	248,851	263,895
Utility services	35,676	-	35,676
Capital outlay	29,913	-	29,913
Debt service:			
Principal retirement	54,473	-	54,473
Interest and fiscal charges	1,024	-	1,024
Total cash disbursements	<u>1,068,683</u>	<u>262,864</u>	<u>1,331,547</u>
Excess of receipts over disbursements	<u>98,954</u>	<u>84,357</u>	<u>183,311</u>
Other financing sources (uses):			
Loan issuance	<u>29,913</u>	<u>-</u>	<u>29,913</u>
Net change in fund balances	128,867	84,357	213,224
Fund cash balances, January 1	<u>102,637</u>	<u>256,565</u>	<u>359,202</u>
Fund cash balances, December 31	<u>\$ 231,504</u>	<u>\$ 340,922</u>	<u>\$ 572,426</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMEBER 31, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for services	\$ 749,402
Other operating receipts	34,519
Total operating cash receipts	783,921
Operating Cash Disbursements:	
Personal services	263,113
Fringe benefits	85,275
Contractual services	109,619
Materials and supplies	389,394
Other	7,948
Total operating cash disbursements	855,349
Operating loss	(71,428)
Non-Operating Receipts (Disbursements):	
Principal retirement	(6,944)
Interest and fiscal charges	(958)
Capital outlay	(166,731)
Intergovernmental	166,731
Total non-operating receipts (disbursements)	(7,902)
Net change in fund cash balances	(79,330)
Fund cash balances, January 1	1,750,206
Fund cash balances, December 31	\$ 1,670,876

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fiduciary Fund Types
	Custodial
Additions:	
Fines and forfeitures for other governments	\$ 53,799
Deductions:	
Fines and forfeitures distributions to other governments	53,870
Net change in fund cash balances	(71)
Fund cash balances, January 1	71
Fund cash balances, December 31	\$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – DESCRIPTION OF THE ENTITY

The Village of Utica (the Village), Licking County, 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. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services, fire protection services, and road maintenance. The Village has contracted with Licking County to provide sewer services. On July 1, 2004, the Village passed a charter form of government. A copy of the Village's charter can be obtained from the Village's Fiscal Officer.

The Village participates in the Ohio Municipal Joint Self Insurance Pool, a public entity risk pool. See Note 11 to the financial statements for more information on this entity.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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.

During 2023, the Village invested in certificates of deposit. The Village values certificates of deposits at cost.

D. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. General Fund

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

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Special Revenue Funds

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

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

3. Enterprise Funds

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

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

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

4. Fiduciary Funds

Fiduciary Funds include Private Purpose Trust Funds and Custodial Funds. The Village does not have a Private Purpose Trust Fund.

Custodial 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's Custodial Fund accounts for the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except the Custodial Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the Village's legal level of budgetary control, and appropriations may not exceed estimated resources. For the Village, the legal level of budgetary control is at the fund level, for all funds, with personal services and other expenditures appropriated separately by department. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2023 budgetary activity appears in Note 6.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

2. 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.

3. Committed

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

4. 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 the general fund, report all fund balances as *assigned* unless they are restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

G. Capital Assets

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

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

I. Leases

Accruals related to leases (as defined by GASB 87) are not reflected under the Village’s cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

J. Subscription Based Information Technology Arrangements

Accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the Village’s cash basis of accounting. SBITA disbursements are recognized when they are paid.

K. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$821 are reflected as fines and forfeitures receipts in the OneOhio special revenue fund in the accompanying financial statements.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2023, the Village has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Village.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Village.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Village.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Village.

NOTE 4 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2023 was as follows:

Demand Deposits	\$	1,911,844
Certificates of Deposit		331,458
Total Deposits and Investments	\$	<u>2,243,302</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. There were no unremitted withholdings.

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

NOTE 5 – PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

NOTE 6 – BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2023 follows:

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 980,933	\$ 1,197,550	\$ 216,617
Special Revenue	612,600	347,221	(265,379)
Enterprise	977,800	950,652	(27,148)

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – BUDGETARY ACTIVITY – (Continued)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,248,297	\$ 1,166,429	\$ 81,868
Special Revenue	961,623	322,343	639,280
Enterprise	2,724,368	1,160,331	1,564,037

Contrary to Ohio Revised Code appropriations exceeded estimated resources in the General, Street, Permissive MVL Funds.

NOTE 7 – 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.

NOTE 8 – DEBT

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OPWC Loan CQ13H	\$ 9,400	0.00%
OPWC Loan CT71N	358,755	0.00%
OPWC Loan CQ19R	4,322	0.00%
OPWC Loan CQ36S	7,053	0.00%
OPWC Loan CQ22Y	29,165	0.00%
Water Truck Financed Purchase Agreement	22,224	3.28%
SUV Cruiser Financed Purchase Agreement	20,948	3.27%
Total	\$ 451,867	

At December 31, 2023, the Village had \$408,695 loans outstanding with the Ohio Public Works Commission (OPWC) for various projects.

Loan CQ13H for the replacement of the wastewater influent pump. Payments of \$2,350 are due semi-annually for a term of 20 years at zero interest rate. The final payment is due January 1, 2025.

Loan CT71N for improvements to the wastewater treatment facility. Payments of \$17,938 are due semi-annually for a term of 20 years at zero interest rate. The final payment is due January 1, 2033.

Loan CQ19R for improvements to Church, Maple and Jefferson Streets. Payments of \$1,441 are due semi-annually for a term of 10 years at zero interest rate. The final payment is due July 1, 2025.

Loan CQ36S for improvements to the sanitary sewer system. Payments of \$147 are due semi-annually for a term of 30 years at zero interest rate. The final payment is due January 1, 2047.

Loan CQ22Y for improvements to the collection system. Payments of \$748 are due semi-annually for a term of 20 years at zero interest rate. The final payment is due January 1, 2043.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 – DEBT – (Continued)

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the Village for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the Village is located to pay the amount of the default from funds that would otherwise be appropriated to the Village from such county’s undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The following is a summary of the Village’s future annual debt service requirements for the OPWC loans:

Year Ending December 31:	OPWC Loans		
	Principal	Interest	Total
2024	\$ 45,246	\$ -	\$ 45,246
2025	43,806	-	43,806
2026	37,665	-	37,665
2027	37,666	-	37,666
2028	37,664	-	37,664
2029 - 2033	188,325	-	188,325
2034 - 2038	8,948	-	8,948
2039 - 2043	8,200	-	8,200
2044 - 2047	1,175	-	1,175
Total	<u>\$ 408,695</u>	<u>\$ -</u>	<u>\$ 408,695</u>

The Village has entered into two financed-purchase agreements to acquire a water truck and an SUV cruiser. The water truck payments are made annually on May 19 while the SUV cruiser payments are made annually on May 1. The final payment for the water truck is due on May 19, 2026 and the final payment for the SUV cruiser is due on May 1, 2025. Payments of principal and interest for the water truck are made from the water and wastewater funds and payments of principal and interest for the SUV cruiser are made from the general fund.

The following is a schedule of the future minimum payments required under the financed-purchase agreements as of December 31, 2023:

Year Ending December 31:	Water Truck			SUV Cruiser		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 7,169	\$ 731	\$ 7,900	\$ 10,303	\$ 696	\$ 10,999
2025	7,406	494	7,900	10,645	353	10,998
2026	7,649	251	7,900	-	-	-
Total	<u>\$ 22,224</u>	<u>\$ 1,476</u>	<u>\$ 23,700</u>	<u>\$ 20,948</u>	<u>\$ 1,049</u>	<u>\$ 21,997</u>

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some of the Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2023.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

NOTE 11 – 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 judgements, 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, 2023, retention levels are \$100,000 for property and casualty coverages.

The Pool’s financial statements conform with generally accepted accounting principles, reported the following assets, liabilities and retained surplus at March 31, 2023:

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 – RISK MANAGEMENT – (Continued)

	2023
Assets	\$ 841,929
Liabilities	1,029,623
Accumulated (deficit)	\$ (187,694)

NOTE 12 – CONTINGENT LIABILITIES

A. Litigation

The Village is not a party to legal proceedings that would have a material effect on the financial condition of the Village.

B. Grants

For the period January 1, 2023 to December 31, 2023, the Village received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowances, if any, would be immaterial.

NOTE 13 – FUND BALANCES

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 97,746	\$ 59,479	\$ 157,225

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

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMEBER 31, 2022

	General	Special Revenue	Total Governmental Funds
Cash Receipts:			
Property and other local taxes	\$ 121,053	\$ -	\$ 121,053
Municipal income taxes	618,168	82,073	700,241
Intergovernmental	88,025	184,885	272,910
Charges for services	12,946	10,700	23,646
Licenses and permits	4,850	-	4,850
Fines and forfeitures	47,831	1,789	49,620
Investment earnings	7,307	-	7,307
Miscellaneous	59,085	1,953	61,038
Total cash receipts	<u>959,265</u>	<u>281,400</u>	<u>1,240,665</u>
Cash Disbursements:			
Current:			
General government	453,062	-	453,062
Security of persons and property	456,092	-	456,092
Leisure time activities	1,620	-	1,620
Community environment	-	8,266	8,266
Transportation	24,573	310,629	335,202
Utility services	47,378	-	47,378
Debt service:			
Principal retirement	75,279	-	75,279
Interest and fiscal charges	1,345	-	1,345
Total cash disbursements	<u>1,059,349</u>	<u>318,895</u>	<u>1,378,244</u>
Net change in fund balances	(100,084)	(37,495)	(137,579)
Fund cash balances, January 1 (Restated)	<u>202,721</u>	<u>294,060</u>	<u>496,781</u>
Fund cash balances, December 31	<u>\$ 102,637</u>	<u>\$ 256,565</u>	<u>\$ 359,202</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for services	\$ 598,627
Total operating cash receipts	598,627
Operating Cash Disbursements:	
Personal services	239,919
Fringe benefits	81,754
Contractual services	45,604
Materials and supplies	152,455
Other	5,350
Total operating cash disbursements	525,082
Operating income	73,545
Non-Operating Receipts (Disbursements):	
Principal retirement	(6,723)
Interest and fiscal charges	(1,177)
Intergovernmental	119,314
Total non-operating receipts (disbursements)	111,414
Net change in fund cash balances	184,959
Fund cash balances, January 1 (Restated)	1,565,247
Fund cash balances, December 31	\$ 1,750,206

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Fiduciary Fund Type
	Custodial
Additions:	
Fines and forfeitures for other governments	\$ 54,956
Deductions:	
Fines and forfeitures distributions to other governments	54,885
Net change in fund cash balances	71
Fund cash balances, January 1	-
Fund cash balances, December 31	\$ 71

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – DESCRIPTION OF THE ENTITY

The Village of Utica (the Village), Licking County, 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. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services, fire protection services, and road maintenance. The Village has contracted with Licking County to provide sewer services. On July 1, 2004, the Village passed a charter form a government. A copy of the Village's charter can be obtained from the Village's Fiscal Officer.

The Village participates in the Ohio Municipal Joint Self Insurance Pool, a public entity risk pool. See Note 11 to the financial statements for more information on this entity.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

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.

During 2022, the Village invested in certificates of deposit. The Village values certificates of deposits at cost.

D. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. General Fund

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

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Special Revenue Funds

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

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

Permissive Tax Fund - This fund receives permissive sales tax collected by Licking County.

3. Enterprise Funds

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

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

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

4. Fiduciary Funds

Fiduciary Funds include Private Purpose Trust Funds and Custodial Funds. The Village does not have a Private Purpose Trust Fund.

Custodial 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's Custodial Fund accounts for the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except the Custodial Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the Village's legal level of budgetary control, and appropriations may not exceed estimated resources. For the Village, the legal level of budgetary control is at the fund level, for all funds, with personal services and other expenditures appropriated separately by department. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A summary of 2022 budgetary activity appears in Note 6.

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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

2. 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.

3. Committed

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

4. 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 the general fund, report all fund balances as *assigned* unless they are restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Capital Assets

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

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.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the Village has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the Village does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the Village. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Village.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Village.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Village.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the Village.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Village.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Village.

B. Restatement of Fund Cash Balance

For the year ended December 31, 2021, the City restated the fund cash balance due to an error in the previous year. The restatement to the December 30, 2021 fund cash balances for the governmental funds follows:

	General	Special Revenue	Total Governmental Funds
Fund Cash Balance as previously reported	\$ 208,481	\$ 298,318	\$ 506,799
Adjustments	(5,760)	(4,258)	(10,018)
Restated Fund Cash Balance, at December 31, 2021	\$ 202,721	\$ 294,060	\$ 496,781

The restatement to the December 30, 2021 fund cash balance for the proprietary funds follows:

	Proprietary Funds
Fund Cash Balance as previously reported	\$ 1,586,287
Adjustments	(21,040)
Restated Fund Cash Balance, at December 31, 2021	\$ 1,565,247

There was no restatement to the fiduciary fund cash balance at December 31, 2021.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2022 was as follows:

Demand Deposits	\$ 1,784,922
Certificates of Deposit	324,557
Total Deposits and Investments	<u>\$ 2,109,479</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. There were no unremitted withholdings.

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

NOTE 5 – PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

NOTE 6 – BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 907,480	\$ 959,265	\$ 51,785
Special Revenue	676,466	281,400	(395,066)
Enterprise	797,226	717,941	(79,285)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,239,597	\$ 1,123,993	\$ 115,604
Special Revenue	986,237	373,857	612,380
Enterprise	2,148,677	714,303	1,434,374

Contrary to Ohio Revised Code appropriations exceeded estimated resources in the General and State Highway Funds.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 – 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.

NOTE 8 – DEBT

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
OPWC Loan CQ13H	\$ 14,100	0.00%
OPWC Loan CT71N	394,631	0.00%
OPWC Loan CQ19R	7,204	0.00%
OPWC Loan CQ36S	7,347	0.00%
Water Truck Financed Purchase Agreement	29,167	3.28%
SUV Cruiser Financed Purchase Agreement	30,923	3.27%
Total	\$ 483,372	

The December 31, 2021 audited ending principal balance left off a \$35,890 loan balance.

At December 31, 2022, the Village had \$423,282 loans outstanding with the Ohio Public Works Commission (OPWC) for various projects.

Loan CQ13H for the replacement of the wastewater influent pump. Payments of \$2,350 are due semi-annually for a term of 20 years at zero interest rate. The final payment is due January 1, 2025.

Loan CT71N for improvements to the wastewater treatment facility. Payments of \$17,938 are due semi-annually for a term of 20 years at zero interest rate. The final payment is due January 1, 2033.

Loan CQ19R for improvements to Church, Maple and Jefferson Streets. Payments of \$1,441 are due semi-annually for a term of 10 years at zero interest rate. The final payment is due July 1, 2025.

Loan CQ36S for improvements to the sanitary sewer system. Payments of \$147 are due semi-annually for a term of 30 years at zero interest rate. The final payment is due January 1, 2047.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the Village for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the Village is located to pay the amount of the default from funds that would otherwise be appropriated to the Village from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 – DEBT – (Continued)

The following is a summary of the Village’s future annual debt service requirements for the OPWC loans:

Year Ending December 31:	OPWC Loans		
	Principal	Interest	Total
2023	\$ 43,751	\$ -	\$ 43,751
2024	43,751	-	43,751
2025	42,311	-	42,311
2026	36,169	-	36,169
2027	36,170	-	36,170
2028 - 2032	180,846	-	180,846
2033 - 2037	37,345	-	37,345
2038 - 2042	1,470	-	1,470
2043 - 2047	1,469	-	1,469
Total	<u>\$ 423,282</u>	<u>\$ -</u>	<u>\$ 423,282</u>

The Village has entered into two financed-purchase agreements to acquire a water truck and an SUV cruiser. The water truck payments are made annually on May 19 while the SUV cruiser payments are made annually on May 1. The final payment for the water truck is due on May 19, 2026 and the final payment for the SUV cruiser is due on May 1, 2025. Payments of principal and interest for the water truck are made from the water and wastewater funds and payments of principal and interest for the SUV cruiser are made from the general fund.

The following is a schedule of the future minimum payments required under the financed-purchase agreements as of December 31, 2022:

Year Ending December 31:	Water Truck			SUV Cruiser		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 6,943	\$ 957	\$ 7,900	\$ 9,974	\$ 1,025	\$ 10,999
2024	7,169	731	7,900	10,303	696	10,999
2025	7,406	494	7,900	10,646	353	10,999
2026	7,649	251	7,900	-	-	-
Total	<u>\$ 29,167</u>	<u>\$ 2,433</u>	<u>\$ 31,600</u>	<u>\$ 30,923</u>	<u>\$ 2,074</u>	<u>\$ 32,997</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some of the Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 – DEFINED BENEFIT PENSION PLANS – (Continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2022.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

NOTE 11 – 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 judgements, 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, 2022, retention levels are \$100,000 for property and casualty coverages.

The Pool’s financial statements conform with generally accepted accounting principles, reported the following assets, liabilities and retained surplus at March 31, 2022:

	<u>2022</u>
Assets	\$ 909,464
Liabilities	1,109,394
Accumulated Surplus	<u>\$ (199,930)</u>

**VILLAGE OF UTICA
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 – CONTINGENT LIABILITIES

A. Litigation

The Village is not a party to legal proceedings that would have a material effect on the financial condition of the Village.

B. Grants

For the period January 1, 2022 to December 31, 2022, the Village received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowances, if any, would be immaterial.

NOTE 13 – FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$ 64,644</u>	<u>\$ 54,962</u>	<u>\$ 119,606</u>

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

NOTE 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and fiduciary fund type of the Village of Utica, Licking County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2023-002.

We also we noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 27, 2024.

Village's Responses to Findings

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 27, 2024

VILLAGE OF UTICA
LICKING COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING 2023-001 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2023

- Property tax revenues and Transportation disbursements amounting to \$15,044 levied for General Operating expenditures were posted to the Street Fund instead of the General Fund.
- Property tax revenues were recorded at net and not gross resulting in the under reporting of revenues and disbursements in the amount of \$7,877;
- Motor Vehicle revenues of \$1,435 were incorrectly allocated to the State Highway Fund instead of Street Fund;
- Permissive Motor Vehicle License Tax revenue of \$765 was posted to the State Highway Fund for \$57 and Street Fund for \$708 instead of the Permissive Motor Vehicle Fund;
- Homestead and Rollback of \$4,739 was posted to the Property and Other Local Taxes Line Items instead of Intergovernmental line item;
- Property tax revenues of \$15,044 were posted to Special Assessments line item instead of Property and Other Local Taxes line item; and
- On-Behalf payments from Ohio Public Works Commission of \$166,731 were not recorded by the Village;

For 2022

- Property tax revenues and Transportation disbursements amounting to \$24,573 levied for General Operating expenditures were posted to the Street Fund instead of the General Fund.
- Property tax revenues were recorded at net and not gross resulting in the under reporting of revenues and disbursements in the amount of \$6,387;
- Permissive Motor Vehicle License Tax revenue of \$949 was posted to the State Highway Fund for \$71 and Street Fund for \$878 instead of the Permissive Motor Vehicle Fund;
- Homestead and Rollback of \$9,299 was posted to the Property and Other Local Taxes Line Items instead of Intergovernmental line item;
- Property tax revenues of \$24,573 were posted to Special Assessments line item instead of Property and Other Local Taxes line item; and
- Revenues from the State of Ohio for \$119,314 were posted to Miscellaneous – Operating Revenues instead of Intergovernmental – Non-Operating Revenues; and
- Principal and interest payments of \$21,873 on Village debt was incorrectly posted;

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements and Village's records reflect all reclassifications and adjustments.

VILLAGE OF UTICA
LICKING COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

FINDING 2023-001- Material Weakness (Continued)

Financial Reporting - Posting Receipts and Disbursements (Continued)

We recommend the Fiscal Officer refer to the Village Officers Handbook and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

Management's Response – See Corrective Action Plan.

FINDING 2023-002- Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2023 the Village's appropriations exceeded the amount certified as available by the budget commission in the General, Street, and Permissive Motor Vehicle License Tax funds by \$164,727, \$90,041, and \$15,873; respectively.

At December 31, 2022 the Village's appropriations exceeded the amount certified as available by the budget commission in the General and State Highway funds by \$129,396 and \$19,239; respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Council to reduce the appropriations.

VILLAGE OF UTICA
LICKING COUNTY

SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Audit adjustments and Reclassification	Not Corrected	N/A
2021-002	Bank Reconciliations and Timely Posting to Accounting System	Corrected	N/A

VILLAGE OF UTICA
LICKING COUNTY

CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Fiscal Officer will follow the guidance obtained during the current audit and Village Officer's Handbook to post Village accounting activity.	Immediately	Chelsea Fulk – Fiscal Officer
2023-002	The Fiscal Officer will not appropriate more than available estimated resources.	Immediately	Chelsea Fulk – Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF UTICA

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/17/2024

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

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