



**Auditor of State
Betty Montgomery**

VILLAGE OF VERONA
PREBLE COUNTY

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**Auditor of State
Betty Montgomery**

Village of Verona
Preble County
P.O. Box 676
100 West Main Street
Verona, Ohio 45378

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 22, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Verona
Preble County
P.O. Box 676
100 West Main Street
Verona, Ohio 45378

To the Village Council:

We have audited the accompanying financial statements of the Village of Verona, Preble County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

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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 Verona, Preble County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 our report dated November 22, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 22, 2005

**VILLAGE OF VERONA
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$21,444	\$24,904	\$46,348
Intergovernmental Receipts	58,028	25,574	83,602
Charges for Services	1,167	50,357	51,524
Fines, Licenses, and Permits	994		994
Earnings on Investments	6,410		6,410
Miscellaneous	2,949	2,490	5,439
	<u>90,992</u>	<u>103,325</u>	<u>194,317</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	36,570	31,883	68,453
Leisure Time Activities	6,205		6,205
Community Environment	691		691
Basic Utility Services	6,184	6,743	12,927
Transportation		25,281	25,281
General Government	37,709	2,422	40,131
Capital Outlay		30,532	30,532
	<u>87,359</u>	<u>96,861</u>	<u>184,220</u>
Total Receipts Over Disbursements	<u>3,633</u>	<u>6,464</u>	<u>10,097</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		1,339	1,339
Transfers-Out	(1,339)	0	(1,339)
	<u>(1,339)</u>	<u>1,339</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements			
	2,294	7,803	10,097
Fund Cash Balances, January 1	<u>31,847</u>	<u>110,378</u>	<u>142,225</u>
Fund Cash Balances, December 31	<u>\$34,141</u>	<u>\$118,181</u>	<u>\$152,322</u>

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

VILLAGE OF VERONA
PREBLE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Cash Receipts:	
Charges for Services	<u>\$96,335</u>
Total Operating Cash Receipts	<u>96,335</u>
Operating Cash Disbursements:	
Personal Services	24,935
Fringe Benefits	1,123
Contractual Services	35,902
Supplies and Materials	4,881
Capital Outlay	<u>83,760</u>
Total Operating Cash Disbursements	<u>150,601</u>
Operating Loss	<u>(54,266)</u>
Non-Operating Cash Receipts:	
Proceeds from Notes	<u>140,000</u>
Total Non-Operating Cash Receipts	<u>140,000</u>
Non-Operating Cash Disbursements:	
Debt Service:	
Principal Payments	159,307
Interest Payments	<u>3,547</u>
Total Non-Operating Cash Disbursements	<u>162,854</u>
Net Receipts Under Disbursements	(77,120)
Fund Cash Balances, January 1	<u>523,641</u>
Fund Cash Balances, December 31	<u><u>\$446,521</u></u>

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

**VILLAGE OF VERONA
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$21,184	\$21,736	\$42,920
Intergovernmental Receipts	58,727	22,403	81,130
Charges for Services	4,627	49,883	54,510
Fines, Licenses, and Permits	1,560		1,560
Earnings on Investments	8,000		8,000
Miscellaneous	2,260	8,000	10,260
 Total Cash Receipts	 96,358	 102,022	 198,380
Cash Disbursements:			
Current:			
Security of Persons and Property	47,307	33,682	80,989
Leisure Time Activities	25,150		25,150
Community Environment	737		737
Basic Utility Services	4,562	4,329	8,891
Transportation		28,150	28,150
General Government	33,120	2,598	35,718
Capital Outlay		42,206	42,206
 Total Cash Disbursements	 110,876	 110,965	 221,841
 Total Receipts Under Disbursements	 (14,518)	 (8,943)	 (23,461)
Other Financing Receipts and (Disbursements):			
Transfers-In		1,660	1,660
Transfers-Out	(3,660)		(3,660)
 Total Other Financing Receipts/(Disbursements)	 (3,660)	 1,660	 (2,000)
 Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	 (18,178)	 (7,283)	 (25,461)
 Fund Cash Balances, January 1	 50,025	 117,661	 167,686
 Fund Cash Balances, December 31	 \$31,847	 \$110,378	 \$142,225

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

**VILLAGE OF VERONA
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Operating Cash Receipts:	
Charges for Services	\$110,169
Total Operating Cash Receipts	110,169
Operating Cash Disbursements:	
Personal Services	25,026
Fringe Benefits	1,070
Contractual Services	37,174
Supplies and Materials	5,436
Capital Outlay	11,150
Total Operating Cash Disbursements	79,856
Operating Income	30,313
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	537
Proceeds from Notes and Bonds	70,000
Total Non-Operating Cash Receipts	70,537
Non-Operating Cash Disbursements:	
Debt Service:	
Principal Payments	31,115
Total Non-Operating Cash Disbursements	31,115
Excess of Receipts Over Disbursements Before Interfund Transfers and Other Financing Sources	69,735
Transfers-In	2,000
Other Financing Sources	80,500
Net Receipts Over Disbursements	152,235
Fund Cash Balances, January 1	371,406
Fund Cash Balances, December 31	\$523,641

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

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Verona, Preble County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and refuse utilities, park operations, and fire and police services.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Village values certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual fund reports.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Fire Operating Fund - This fund receives fire levy money and contract monies for providing fire protection services.

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Refuse Fund - This fund receives charges for services from residents to cover refuse service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2004	2003
Demand deposits	\$399,613	\$467,805
Certificates of deposit	177,746	183,894
Total deposits	577,359	651,699
 Money Market Funds	 21,484	 14,167
Total investments	21,484	14,167
Total deposits and investments	\$598,843	\$665,866

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

Investments: The money market funds are held in the Village's account by McDonald Investments. The financial institution maintains records identifying the Village as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$98,301	\$90,992	(\$7,309)
Special Revenue	101,162	104,664	3,502
Enterprise	263,207	236,335	(26,872)
Total	\$462,670	\$431,991	(\$30,679)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$117,510	\$88,698	\$28,812
Special Revenue	184,477	96,861	87,616
Enterprise	156,700	313,455	(156,755)
Total	\$458,687	\$499,014	(\$40,327)

2003 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$109,835	\$96,358	(\$13,477)
Special Revenue	90,503	103,682	13,179
Enterprise	112,325	263,206	150,881
Total	\$312,663	\$463,246	\$150,583

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,435	\$114,536	\$31,899
Special Revenue	177,567	110,965	66,602
Enterprise	153,200	110,971	42,229
Total	\$477,202	\$336,472	\$140,730

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Fund by \$3,000 for the year ended December 31, 2003 and by \$212,057 for the year ended December 31, 2004.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #2900	\$15,000	0.00%
Ohio Water Development Authority Loan #EV0510	30,000	0.00%
Ohio Public Works Commission Loan	303,869	0.00%
Land Acquisition Loan	70,000	6.00%
Fire Truck Lease	86,359	5.00%
Total	\$505,228	

The Ohio Water Development Authority (OWDA) loans #2900 and #3201 relate to the preliminary and detailed engineering plans for a new wastewater treatment system. The OWDA has approved up to \$25,000 and \$50,000 respectively in loans to the Village for this project. The loans will be repaid in annual installments of \$2,500 and \$5,000 respectively over ten years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

The fire truck lease purchase agreement was obtained in 1999 in the amount of \$173,467 to purchase a new fire truck. The lease will be repaid in annual installments of \$24,299, including interest, over nine years. The lease is collateralized by the fire truck.

The Ohio Public Works Commission (OPWC) loan was obtained in 2000 in the amount of \$472,300 for water system replacement and improvement. As December 31, 2004, \$339,291 had been drawn. A final amortization schedule will be established upon completion of the project. The loan is collateralized by water receipts. The Village had agreed to set water rates sufficient to cover bond payment requirements.

The land acquisition commercial bank loan was obtained in 2003 for the purchase of land for the sewer project. The loan is rolled over every six months and is reissued for \$70,000 at six percent interest rate. The loan matures on June 5, 2005 in the amount of \$71,820.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loan #2900	OWDA Loan #EV0510	Land Acquisition Loan	Fire Truck Lease
2005	\$2,500	\$5,000	\$72,100	\$24,299
2006	2,500	5,000		24,299
2007	2,500	5,000		24,299
2008	2,500	5,000		24,299
2009	2,500	5,000		
2010-2014	2,500	5,000		
Total	<u>\$15,000</u>	<u>\$30,000</u>	<u>\$72,100</u>	<u>\$97,196</u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF VERONA
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. RELATED PARTY TRANSACTIONS

A village council member's husband is the owner of a company, Hobb's Excavating, from which the Village acquired services during the audit period. They paid \$24,012 for services in 2003 and \$682 in 2004. The council member abstained from voting on all matters involving these transactions.



**Auditor of State
Betty Montgomery**

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

Village of Verona
Preble County
P.O. Box 676
100 West Main Street
Verona, Ohio 45378

To the Village Council:

We have audited the financial statements of the Village of Verona, Preble County, Ohio, (the Village) as of and for the years ended December 31, 2004, and 2003, and have issued our report thereon dated November 22, 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of as item 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Village's management dated November 22, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Village's management dated November 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 22, 2005

**VILLAGE OF VERONA
PREBLE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Reportable Condition / Noncompliance

Ohio Rev. Code, Section 5705.41(B) *, states no taxing authority shall make any expenditures of money unless it has been appropriated. Expenditures exceed appropriations in the Sewer Fund in 2003 and 2004. Failure to properly monitor appropriations and amend appropriations could result in the illegal expenditure of monies. We recommend that the Village take steps to ensure appropriations are being properly monitored and recorded in the ledgers. No expenditures should be made unless there are sufficient appropriations to cover the expenditures.

Fund	Expenditures	Appropriations	Variance
Sewer Fund - 2003	\$7,500	\$4,500	\$3,000
Sewer Fund – 2004	219,557	7,500	212,057

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**VILLAGE OF VERONA
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-30368-001	Ohio Rev. Code, Section 5705.09 (F), the Village did not establish a special fund for OPWC monies	Yes	
2002-30368-002	Ohio Rev. Code, Section 5705.41 (D), the Village did not properly certify the availability of funds for all purchase commitments	No	Partially Corrected - Reissued as a management letter citation.
2002-30368-003	Ohio Rev. Code, Section 5705.36, actual receipts below estimated receipts	Yes	



**Auditor of State
Betty Montgomery**

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VILLAGE OF VERONA

PREBLE 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
DECEMBER 30, 2005**