



**VILLAGE OF VERONA
PREBLE COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2021-2020



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Verona
Preble County
138 Mill Street
Verona, Ohio 45378

We have performed the procedures enumerated below on the Village of Verona's (the Village) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

The Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2021 and 2020, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each fund recorded in the Fund Balance Report to the December 31, 2019 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Balance Report to the December 31, 2020 balances in the Fund Balance Report. We found no exceptions.
3. We agreed the 2021 and 2020 bank reconciliations as of December 31, 2021 and 2020 to the total fund cash balances reported in the Fund Balance Reports and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2021 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2021 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2021 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2021 and December 31, 2020 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the County Auditor DLTs for 2021 and a total of five from 2020:
 - a. We compared the amount from the above named reports to the amount recorded in the Revenue Report. The amounts agreed.
 - b. We inspected the Revenue Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue Report to determine whether it included two real estate tax receipts for 2021 and 2020. The Revenue Report included the proper number of tax receipts for each year. We found no exceptions.

Water, Sewer, Refuse, and Gas Fund

1. We selected 10 Water, Sewer, Refuse and Gas Fund collection cash receipts from the year ended December 31, 2021 and 10 Water, Sewer, Refuse and Gas Fund collection cash receipts from the year ended 2020 recorded in the Revenue Report and determined whether the:
 - a. Receipt amount per the Revenue Report agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Balance Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement period. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We observed the Customer Balance Report.
 - a. This report listed \$44,648 and \$90,801 of accounts receivable as of December 31, 2021 and 2020, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$756 and \$59,027 were recorded as more than 90 days delinquent.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2019. These amounts agreed to the Village's January 1, 2020 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2019:
USDA Capital Project Loan 9098-01	\$1,051,600
USDA Capital Project Loan 9098-03	\$376,400
OPWC Capital Project Loan #CK14G	\$122,280
OPWC Capital Project Loan #CK008	\$59,038
OPWC Capital Project Loan #CK17U	\$42,092
Farmer's State Bank Tractor Loan	\$21,764

2. We inquired of management, and inspected the Revenue Report and Appropriation Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2021 and 2020 and agreed principal and interest payments from the related debt amortization schedules to water, street, sewer, and sinking fund payments reported in the Appropriation Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds received for 2020 from the debt documents to amounts recorded in the street fund per the Fund Balance Report. The amount agreed for the \$100,000 Farmer's State Bank street repair loan in June 2020. However, the \$35,000 OPWC Main Street Reconstruction Phase II loan in July 2020 was not recorded by the Village. OPWC paid the \$35,000 directly to a contractor on an on-behalf basis for the project and the Village therefore never actually received the money. However, the Village should have recorded corresponding receipt and disbursement memo amounts at \$35,000 each, for a net effect of \$0, to capture the activity on its books since it is a Village debt
5. For new debt issued during 2020, we inspected the debt legislation, which stated the Village must use the proceeds for street repairs. We inspected the Fund Balance Report and observed the Village paid for Main Street Reconstruction Phase II and Georgetown Verona / Reynolds Roads repairs from the Street Fund in 2020.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 from the Payroll Excel Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Excel Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found ten instances of being unable to inspect employee's personnel files for the Retirement system, Federal, State & Local Income tax withholding authorizations.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.

- c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record and Village ordinances. We found no exceptions.
 - d. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2021 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2021. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2022	December 31, 2021	\$1,762	\$1,762
State income taxes	January 15, 2022	January 4, 2022	\$383	\$383
Local school tax	January 31, 2022	January 4, 2022	\$363	\$363
OPERS retirement	January 30, 2022	January 4, 2022	\$1,432	\$1,432

We found no exceptions.

Non-Payroll Cash Disbursements

1. From the Appropriation Report, we re-footed checks recorded as General Fund disbursements for *capital outlay*, and checks recorded as *supplies and materials* in the Sewer Fund for 2021. We found no exceptions.
2. We selected 10 disbursements from the Appropriation Report for the year ended December 31, 2021 and 10 from the year ended 2020 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Appropriation Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found six instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2021 and 2020 for the General, Street and Fire Fund as recorded in the Appropriation Report. Expenditures did not exceed appropriations.
2. We inspected interfund transfers from 2021 and 2020 Revenue Reports and Appropriation Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Fund Balance Report for the years ended December 31, 2021 and 2020 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Village management and determined that the Village did not have any completed public records requests during the engagement period.

The Village did not have any denied public records requests during the engagement period.

The Village did not have any public records requests with redactions during the engagement period.
3. We inquired whether the Village had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected the AOS Public Records Training Confirmation Listing and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). The Village was unable to provide evidence that elected officials attended certified public records training in 2020-2021 for term ending December 31, 2021.

9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village documented their compliance with the CARES Act three-prong test. We then selected five transactions including payroll, non-payroll, and subgrant/subloan transactions, and determined the Village:
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
 - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We recalculated the unencumbered balance the local government paid back to the county treasurer and determined the proper amount was repaid. We also compared the date of the repayment to the required date of November 20, 2020 and determined the payment was made in a timely manner. We found no exceptions.

Contract Compliance

1. We inspected the Minutes and Appropriation Report and identified the Village had expenditures subject to competitive bidding. We found no exceptions.
2. We selected one contract for 2021 and
 - a. We inspected the contract and other bids for the contracted expenditure and determined:
 - i. The Village accepted the lowest bid and met the requirements of Ohio Rev. Code § 735.05.
 - ii. No bid splitting occurred
 - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
 - iv. No apparent interest in the contract by a public official occurred.We found no exceptions.
 - b. We inspected the advertisements of the proposals for bids in the newspaper and determined they were made as required by Ohio Rev. Code § 731.14 and 7.16. We found no exceptions.

3. We inspect the modified contract documents for the contracts in procedure 1 and determined it contained:
 - a. Signatures of the contractor
 - b. Signatures of the appropriate officials including the mayor.We found no exceptions.

Other Compliance

1. Ohio Rev. Code § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2021 and 2020 in the Hinkle system. Financial information was filed on July, 21, 2022 for fiscal year 2020 and July 18, 2022 for fiscal year 2021 which were not within the allotted timeframes.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code § 733.81. Fiscal Officer did not obtain the required training.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF VERONA

PREBLE 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 11/10/2022

88 East Broad 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