

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Venedocia
Box 611
Venedocia, Ohio 45894

We have reviewed the *Independent Auditor's Report* of the Village of Venedocia, Van Wert County, prepared by E.S. Evans and Company, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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Mary Taylor, CPA
Auditor of State

November 26, 2007

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VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

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E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

October 4, 2007

INDEPENDENT AUDITOR'S REPORT

Village of Venedocia
Van Wert County, Ohio

We have audited the accompanying financial statements of the Village of Venedocia, Van Wert County, (the Village) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2006 and 2005 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, 2006 and 2005, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 4, 2007, 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.

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VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2006

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 2,552	\$ 2,024	\$ 4,576
Intergovernmental Revenues	18,242	7,054	25,296
Interest Revenues	645	33	678
Miscellaneous	600	-	600
Total Cash Receipts	22,039	9,111	31,150
<u>Cash Disbursements:</u>			
Current -			
General Government	13,589	-	13,589
Security of Persons and Property	2,473	2	2,475
Transportation	16	987	1,003
Health	814	-	814
Leisure Time Activities	5,233	-	5,233
Total Cash Disbursements	22,125	989	23,114
Total Cash Receipts Over/(Under)			
Cash Disbursements	(86)	8,122	8,036
<u>Fund Cash Balance - January 1, 2006</u>	33,493	49,114	82,607
<u>Fund Cash Balance - December 31, 2006</u>	\$ 33,407	\$ 57,236	\$ 90,643

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2005

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 1,645	\$ 1,958	\$ 3,603
Intergovernmental Revenues	18,579	7,515	26,094
Interest Revenues	345	35	380
Miscellaneous	810	-	810
Total Cash Receipts	21,379	9,508	30,887
<u>Cash Disbursements:</u>			
Current -			
General Government	14,522	-	14,522
Security of Persons and Property	2,110	3,835	5,945
Transportation	199	1,890	2,089
Health	846	-	846
Leisure Time Activities	5,922	-	5,922
Community Environment	60	-	60
Total Cash Disbursements	23,659	5,725	29,384
Total Cash Receipts Over/(Under)			
Cash Disbursements	(2,280)	3,783	1,503
<u>Fund Cash Balance - January 1, 2005</u>	35,773	45,331	81,104
<u>Fund Cash Balance - December 31, 2005</u>	\$ 33,493	\$ 49,114	\$ 82,607

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Venedocia, Van Wert County, (the Village), as a political and corporate body. A publicly-elected six-member Council governs the Village. The Village provides general government services including park operations. The Village contracts with the Village of Middle Point to provide for fire protection services.

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

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Cash and Investments

The Village maintains a checking account and a certificate of deposit which are valued at cost.

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:

General Fund

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

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific sources (other than 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 construction, maintaining and repairing Village streets.

Fire Fund – This fund receives property tax money to provide fire protection services.

Budgetary Process

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

Estimated Resources

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. 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.

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 2006 and 2005 budgetary activity appears in Note 3.

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

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.

Accumulated Leave

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

Note 2 – Equity in Pooled Cash

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

	<u>2006</u>		<u>2005</u>
Demand Deposits	\$ 74,885	\$	67,454
Certificates of Deposit	<u>15,758</u>		<u>15,153</u>
Total Deposits	<u>\$ 90,643</u>	\$	<u>82,607</u>

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

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,493	\$ 22,039	\$ (32,454)
Special Revenue	58,724	9,111	(49,613)
	<u>\$ 113,217</u>	<u>\$ 31,150</u>	<u>\$ (82,067)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 55,400	\$ 22,125	\$ 33,275
Special Revenue	33,700	989	32,711
	<u>\$ 89,100</u>	<u>\$ 23,114</u>	<u>\$ 65,986</u>

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 56,773	\$ 21,379	\$ (35,394)
Special Revenue	52,551	9,508	(43,043)
	<u>\$ 109,324</u>	<u>\$ 30,887</u>	<u>\$ (78,437)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 56,700	\$ 23,659	\$ 33,041
Special Revenue	33,700	5,725	27,975
	<u>\$ 90,400</u>	<u>\$ 29,384</u>	<u>\$ 61,016</u>

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 3 – Budgetary Activity – (continued)

Contrary to Ohio law, budgetary expenditures exceeded estimated resources in the General Fund by \$907 at December 31, 2006.

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees 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.

Note 5 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

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 the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5 percent of their gross salary. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salary. The Village contributed an amount equaling 13.70 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2006.

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property, general liability, and inland marine.

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E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

October 4, 2007

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

Village of Venedocia
Van Wert County, Ohio

We have audited the financial statements of the Village of Venedocia, Van Wert County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 4, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Venedocia's internal control over financial reporting as a basis for designing our auditing procedures 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 of Venedocia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Venedocia's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Venedocia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Venedocia's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Village of Venedocia's management in separate letter dated October 4, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Venedocia'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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings as item 2006-001.

In a separate letter to the Village of Venedocia's management dated October 4, 2007, we reported other matters related to noncompliance.

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

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VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2006-001 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.41 (D) states that no subdivision shall make any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to an appropriated fund free from any previous encumbrance. Further, contracts without such a valid certificate shall be considered null and void.

Currently, the Village of Venedocia is issuing purchase orders, including utilizing blanket certificates and the “then and now” certification. However, none of the purchase orders issued during 2005 and 2006 were signed by the fiscal officer and are thus not considered to be properly certified.

We recommend the Village fiscal officer properly complete and sign each purchase order to validate them and be in compliance with Ohio Revised Code Section 5705.41 (D).

VILLAGE RESPONSE – This has been corrected by the Clerk-Treasurer in 2007.

VILLAGE OF VENEDOCIA
VAN WERT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	ORC Sec. 5705.41 (D) - Prior certification was not obtained for all expenditures.	No	Not Corrected - repeated as Comment #2006-001



Mary Taylor, CPA
Auditor of State

VILLAGE OF VENEDOCIA

VAN WERT 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 11, 2007**