

**2017 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

023423 VERONA BORO, ALLEGHENY COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

VERONA BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	739,782	130,334	4,363				750,448			1,624,927
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds		644,608								644,608
131-139, 150-159	Other Current Assets							149			149
160-169	Fixed Assets										
180-189	Other Debits									386,433	386,433
Total Assets and Other Debits		739,782	774,942	4,363				750,597		386,433	2,656,117

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	815									815
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds	644,608									644,608

VERONA BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities									315,123	315,123
240-259	Current Portion of Long-Term Debt and Other Credits									71,310	71,310
Total Liabilities and Other Credits		645,423								386,433	1,031,856

Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	94,359	774,942	4,363				750,597			1,624,261
291-299	Other Equity										
Total Fund and Account Group Equity		94,359	774,942	4,363				750,597			1,624,261

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											2,656,117
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VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes								
301.00	Real Estate Taxes	774,312						774,312
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)	88,396						88,396
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	20,830						20,830
310.20	Earned Income Taxes / Wage Taxes	245,543						245,543
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	59,433						59,433
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		1,188,514						1,188,514

Licenses and Permits								
320-322	All Other Licenses and Permits	26,374						26,374
321.80	Cable Television Franchise Fees	52,191						52,191
Total Licenses and Permits		78,565						78,565

Fines and Forfeits								
330-332	Fines and Forfeits	32,688						32,688
Total Fines and Forfeits		32,688						32,688

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	67	1,307	29			55,827	57,230
342.00	Rents and Royalties	2,525						2,525
Total Interest, Rents and Royalties		2,592	1,307	29			55,827	59,755

Federal								
351.03	Highways and Streets							
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal								

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)							
355.02- 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		72,690					72,690
355.04	Alcoholic Beverage Licenses							
355.05	General Municipal Pension System State Aid	64,313						64,313
355.07	Foreign Fire Insurance Tax Distribution	23,598						23,598
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution	978						978

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	1,730						1,730
Total State		90,619	72,690					163,309

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units								

Charges for Service								
361.00	General Government	21,702						21,702
362.00	Public Safety	2,644						2,644
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	5,166						5,166
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	616	572,965					573,581
364.30	Solid Waste Collection and Disposal Charge (trash)							
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							
369.00	Boat							

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		30,128	572,965					603,093

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	2,955						2,955
388.00	Fiduciary Fund Pension Contributions					73,263		73,263
389.00	All Other Unclassified Operating Revenues	5,174						5,174
Total Unclassified Operating Revenues		8,129				73,263		81,392

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	3,800						3,800
392.00	Interfund Operating Transfers							
393.00	Proceeds of General Long-Term Debt	505,405						505,405
394.00	Proceeds of Short Term-Debt							
395.00	Refunds of Prior Year Expenditures	1,259						1,259
Total Other Financing Sources		510,464						510,464

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
TOTAL REVENUES	1,941,699	646,962	29				129,090	2,717,780

EXPENDITURES

General Government								
400.00	Legislative (Governing) Body							
401.00	Executive (Manager or Mayor)	175,390						175,390
402.00	Auditing Services / Financial Administration	32,355						32,355
403.00	Tax Collection	19,243						19,243
404.00	Solicitor / Legal Services	36,108						36,108
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	60,393						60,393
409.00	General Government Buildings and Plant	8,312						8,312
Total General Government		331,801						331,801

Public Safety								
410.00	Police	523,030	8,975					532,005
411.00	Fire	515,867						515,867
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	8,414						8,414
414.00	Planning and Zoning	6,950						6,950
415.00	Emergency Management and Communications							
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		1,054,261	8,975					1,063,236

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Health and Human Services								
420.00- 425.00	Health and Human Services							
Total Health and Human Services								

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection		391,983					391,983
Total Public Works - Sanitation			391,983					391,983

Public Works - Highways and Streets								
430.00	General Services - Administration	461,539						461,539
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		22,036					22,036
433.00	Traffic Control Devices							
434.00	Street Lighting	11,700	51,009					62,709
435.00	Sidewalks and Crosswalks	500						500
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery							
438.00	Maintenance and Repairs of Roads and Bridges							
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		473,739	73,045					546,784

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises								

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	6,744						6,744
455.00	Shade Trees							
456.00	Libraries							
457.00	Civil and Military Celebrations	541						541
458.00	Senior Citizens' Centers	7,000						7,000
459.00	All Other Culture and Recreation							
Total Culture and Recreation		14,285						14,285

Community Development								
461.00	Conservation of Natural Resources							

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Community Development								
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development								

Debt Service								
471.00	Debt Principal (short-term and long-term)	118,972						118,972
472.00	Debt Interest (short-term and long-term)	4,301						4,301
475.00	Fiscal Agent Fees							
Total Debt Service		123,273						123,273

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation							
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items								

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

VERONA BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Unclassified Operating Expenditures									
488.00	Fiduciary Fund Benefits and Refunds Paid							32,016	32,016
489.00	All Other Unclassified Expenditures							4,174	4,174
Total Unclassified Operating Expenditures								36,190	36,190

Other Financing Uses									
491.00	Refund of Prior Year Revenues								
492.00	Interfund Operating Transfers								
493.00	All Other Financing Uses								
Total Other Financing Uses									

TOTAL EXPENDITURES	1,997,359	474,003						36,190	2,507,552
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-55,660	172,959	29					92,900	210,228
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VERONA BORO

December 31, 2017

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Revenue Bonds and Notes											
Lease Rental Debt											
First National-Rescue Pumper	Capital Leases	2017	2024	456,829	0	456,829	106,537		350,292		350,292
First National-2016 Ford F350	Capital Leases	2017	2020	48,576	0	48,576	12,435		36,141		36,141
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

0

Capitalized lease obligations

386,433

Net debt

386,433

VERONA BORO, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	456,829		456,829
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	43,055		43,055
Recreation			
Sewer			
Solid Waste			
Streets / Highways	69,159	48,576	117,735
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	569,043	48,576	617,619

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

490,541

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Peter J. Vancheri Appointed Auditor/CPA

December 31, 2017

NOTES / COMMENTS

HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Members of Council
Borough of Verona
Verona, Pennsylvania

Dear Members:

Report on the Financial Statements

We have audited the accompanying Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, Statement of Capital Expenditures, and Other Information (the Schedules) included in the Annual Audit and Financial Report of the Borough of Verona, Allegheny County, Pennsylvania, as of and for the year ended December 31, 2017 as described in the instructions provided by the Pennsylvania Department of Community and Economic Development (DCED).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these schedules in accordance with financial reporting provisions prescribed or permitted by the DCED to demonstrate compliance with the DCED's regulatory basis of accounting and budget laws relating to the preparation of the Schedules. Management is also responsible for the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the Schedules 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

Report on the Financial Statements (Cont'd)

Auditor's Responsibility (Cont'd)

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

The Schedules are prepared by the Borough of Verona on the basis of the financial reporting provisions prescribed or permitted by the DCED in the instructions to the Annual Audit and Financial Report to demonstrate compliance with the DCED's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. These requirements permit the Schedules to be prepared on the cash basis of accounting without the presentation of the management's discussion and analysis, the government-wide financial statements, budget and actual information and financial statement disclosures.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Verona as of December 31, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

The Schedules do not include the general fixed assets of the Borough. The accounting practices and procedures prescribed and permitted by DCED require that the general fixed assets account group be reported in the Schedules. The amount by which this departure would affect the assets, liabilities, and fund balance, is not reasonably determinable.

In our opinion, (except for the effects of not reporting the general fixed assets account group as described in the above paragraph), the Schedules referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the Borough of Verona as of December 31, 2017, and its revenues, expenditures and other financing sources and uses for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by the DCED described above.

Report on Other Legal and Regulatory Requirements

This report is intended solely for the information and use of the governing body and management of the Borough of Verona and for filing with the various local and state departments or offices and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Hosack, Specht, Muetzl & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
May 24, 2019