

VILLAGE OF ANNA

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Anna
P.O. Box 140
Anna, Ohio 45302

We have reviewed the *Independent Auditors' Report* of the Village of Anna, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. 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 Auditors' 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 Auditors' 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 Anna is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 7, 2009

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**VILLAGE OF ANNA
SHELBY COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Mayor and Members of Council
Village of Anna
209 W Main Street
Anna, Ohio 45302

We have audited the accompanying financial statements of the Village of Anna, Shelby County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 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, 2008 and 2007, 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Anna, Shelby County, as of December 31, 2008 and 2007, 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 determines is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2009, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 2, 2009

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**VILLAGE OF ANNA
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and other Local Taxes	\$ 31,701	51,550	0	\$ 0	83,251
Municipal Income Taxes	513,987	0	0	0	513,987
Intergovernmental Receipts	73,536	58,007	0	250,943	382,486
Special Assessments	0	39,964	0	4,397	44,361
Charges for Services	0	18,776	0	0	18,776
Fines, Licenses and Permits	30,835	3,165	0	0	34,000
Earnings on Investments	8,635	1,394	0	0	10,029
Miscellaneous	11,470	6,440	0	0	17,910
Total Cash Receipts	<u>670,164</u>	<u>179,296</u>	<u>0</u>	<u>255,340</u>	<u>1,104,800</u>
Cash Disbursements:					
Current:					
Security of Person and Property	185,523	225,014	0	0	410,537
Public Health Services	3,576	0	0	0	3,576
Leisure Time Activities	1,200	16,187	0	0	17,387
Community Environment	1,631	1,755	0	0	3,386
Transportation	48,716	90,548	0	189	139,453
General Government	105,823	11,227	0	3,681	120,731
Capital Outlay	5,948	80,305	0	445,400	531,653
Debt Service:					
Principal Payments	0	61,722	20,000	0	81,722
Interest Payments	0	30,274	10,575	0	40,849
Total Cash Disbursements	<u>352,417</u>	<u>517,032</u>	<u>30,575</u>	<u>449,270</u>	<u>1,349,294</u>
Total Receipts Over/(Under) Disbursements	<u>317,747</u>	<u>(337,736)</u>	<u>(30,575)</u>	<u>(193,930)</u>	<u>(244,494)</u>
Other Financing Receipts/(Disbursements):					
Other Debt Proceeds	0	0	0	49,573	49,573
Transfers-in	0	248,183	21,605	82,181	351,969
Transfers-out	(335,215)	(4,700)	0	(4,700)	(344,615)
Advances-in	0	0	0	4,166	4,166
Advances-out	0	0	0	(4,166)	(4,166)
Total Other Financing Receipts/ Disbursements	<u>(335,215)</u>	<u>243,483</u>	<u>21,605</u>	<u>127,054</u>	<u>56,927</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,468)	(94,253)	(8,970)	(66,876)	(187,567)
Fund Cash Balances, January 1,	<u>149,156</u>	<u>320,190</u>	<u>8,970</u>	<u>166,146</u>	<u>644,462</u>
Fund Cash Balances, December 31,	<u>\$ 131,688</u>	<u>\$ 225,937</u>	<u>\$ 0</u>	<u>\$ 99,270</u>	<u>\$ 456,895</u>
Reserve for Encumbrances, December 31	<u>\$ 823</u>	<u>\$ 409</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,232</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANNA
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Changes for Services	\$ 448,993	\$ 0	\$ 448,993
Fines, Licenses & Permits	2,025	25,441	27,466
Total Operating Cash Receipts	<u>451,018</u>	<u>25,441</u>	<u>476,459</u>
Operating Cash Disbursements:			
Personal Services	183,616	0	183,616
Employee Fringe Benefits	59,680	0	59,680
Contractual Services	189,585	0	189,585
Supplies and Materials	73,645	0	73,645
Other	2,760	25,441	28,201
Total Operating Cash Disbursements	<u>509,286</u>	<u>25,441</u>	<u>534,727</u>
Operating Income (Loss)	<u>(58,268)</u>	<u>0</u>	<u>(58,268)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	4,830	0	4,830
Capital Outlay	(148,326)	0	(148,326)
Debt Service:			
Principal Payments	(53,486)	0	(53,486)
Interest Payments	(16,552)	0	(16,552)
Total Non-Operating Cash Receipts	<u>(213,534)</u>	<u>0</u>	<u>(213,534)</u>
Income (Loss) Before Operating Transfers	(271,802)	0	(271,802)
Transfers In	2,046	0	2,046
Transfers Out	<u>(9,400)</u>	<u>0</u>	<u>(9,400)</u>
Net Receipts Over/(Under) Disbursements	<u>(279,156)</u>	<u>0</u>	<u>(279,156)</u>
Fund Balances, January 1,	<u>544,870</u>	<u>0</u>	<u>544,870</u>
Fund Balances, December 31,	<u>\$ 265,714</u>	<u>\$ 0</u>	<u>\$ 265,714</u>
Reserve for Encumbrances, December 31	<u>\$ 774</u>	<u>\$ 0</u>	<u>\$ 774</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANNA
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Services	Capital Projects	
Cash Receipts:					
Property and other Local Taxes	\$ 31,193	16,284	0	0	\$ 47,477
Municipal Income Taxes	492,346	0	0	0	492,346
Intergovernmental Receipts	68,258	99,358	0	0	167,616
Special Assessments	0	34,934	0	6,228	41,162
Charges for Services	0	67,372	0	0	67,372
Fines, Licenses and Permits	28,886	2,869	0	0	31,755
Earnings on Investments	20,079	435	0	0	20,514
Miscellaneous	10,229	5,097	0	0	15,326
Total Cash Receipts	<u>650,991</u>	<u>226,349</u>	<u>0</u>	<u>6,228</u>	<u>883,568</u>
Cash Disbursements:					
Current:					
Security of Person and Property	153,774	272,673	0	0	426,447
Public Health Services	3,324	0	0	0	3,324
Leisure Time Activities	1,200	10,637	0	0	11,837
Community Environment	1,896	2,569	0	0	4,465
Transportation	34,485	92,352	0	255	127,092
General Government	112,216	12,448	0	5,708	130,372
Capital Outlay	0	43,059	0	124,665	167,724
Debt Service:					
Principal Payments	0	58,702	20,000	0	78,702
Interest Payments	0	33,315	11,515	0	44,830
Total Cash Disbursements	<u>306,895</u>	<u>525,755</u>	<u>31,515</u>	<u>130,628</u>	<u>994,793</u>
Total Receipts Over/(Under) Disbursements	<u>344,096</u>	<u>(299,406)</u>	<u>(31,515)</u>	<u>(124,400)</u>	<u>(111,225)</u>
Other Financing Receipts/(Disbursements):					
Transfers-in	0	217,137	40,485	84,963	342,585
Transfers-out	(313,415)	(7,000)	0	(15,970)	(336,385)
Advances-in	0	0	0	5,931	5,931
Advances-out	0	0	0	(5,931)	(5,931)
Total Other Financing Receipts/ Disbursements	<u>(313,415)</u>	<u>210,137</u>	<u>40,485</u>	<u>68,993</u>	<u>6,200</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,681	(89,269)	8,970	(55,407)	(105,025)
Fund Cash Balances, January 1,	<u>118,475</u>	<u>409,459</u>	<u>0</u>	<u>221,553</u>	<u>749,487</u>
Fund Cash Balances, December 31,	<u>\$ 149,156</u>	<u>\$ 320,190</u>	<u>\$ 8,970</u>	<u>\$ 166,146</u>	<u>\$ 644,462</u>
Reserve for Encumbrances, December 31	<u>\$ 1,237</u>	<u>\$ 369</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,606</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANNA
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Changes for Services	\$ 483,796	\$ 0	\$ 483,796
Fines, Licenses and Permits	1,150	22,271	23,421
Total Operating Cash Receipts	<u>484,946</u>	<u>22,271</u>	<u>507,217</u>
Operating Cash Disbursements:			
Personal Services	167,449	0	167,449
Employee Fringe Benefits	49,544	0	49,544
Contractual Services	189,394	0	189,394
Supplies and Materials	60,091	0	60,091
Other	2,700	22,271	24,971
Total Operating Cash Disbursements	<u>469,178</u>	<u>22,271</u>	<u>491,449</u>
Operating Income (Loss)	<u>15,768</u>	<u>0</u>	<u>15,768</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	6,912	0	6,912
Capital Outlay	(39,906)	0	(39,906)
Debt Service:			
Principal Payments	(52,099)	0	(52,099)
Interest Payments	(18,768)	0	(18,768)
Total Non-Operating Cash Receipts	<u>(103,861)</u>	<u>0</u>	<u>(103,861)</u>
Income (Loss) Before Operating Transfers	(88,093)	0	(88,093)
Transfers In	7,800	0	7,800
Transfers Out	(14,000)	0	(14,000)
Net Receipts Over/(Under) Disbursements	<u>(94,293)</u>	<u>0</u>	<u>(94,293)</u>
Fund Balances, January 1, 2007	<u>639,163</u>	<u>0</u>	<u>639,163</u>
Fund Balances, December 31, 2007	<u>\$ 544,870</u>	<u>\$ 0</u>	<u>\$ 544,870</u>
Reserve for Encumbrances, December 31	<u>\$ 1,310</u>	<u>\$ 0</u>	<u>\$ 1,310</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Anna, Shelby County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides the following services: fire and police protection, water, electric, sewer, street maintenance and repair, as well as other general governmental services.

The Village's management believes these financial statements represent all of the funds of the Village over which the Village officials have direct operating control.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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.

C. Cash and Investments

Certificates of deposit are valued at cost.

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Funds:

These funds are used to 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.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village State Highways.

Fire Fund – This fund receives money from Franklin Township to provide fire-fighting services to local residents.

EPA Brownfield Federal – This fund receives money from an EPA Federal Grant to aid in the cleanup of the community.

Street Lighting Assessment – This fund receives money assessments to provide street lighting for the community.

Capital Projects Funds:

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Capital Improvement Fund – This fund receives money for various capital improvements within the Village.

Main Street Sewer Replacement – This fund receives money for new sewer lines to be installed in the Village.

Enterprise Funds:

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

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Refuse Collection Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency funds:

Mayor's Court – This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency funds) be budgeted annually.

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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimate Resources

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

Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. Intergovernmental Revenues

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>	
Demand Deposits	\$ 594,599	\$ 936,720	
Certificates of Deposit	<u>128,010</u>	<u>252,612</u>	
Total Deposits	<u>\$ 722,609</u>	<u>\$ 1,189,332</u>	

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 670,164	\$ 670,164	\$ 0
Special Revenue	427,482	427,479	(3)
Debt Services	21,605	21,605	0
Capital Projects	391,259	387,094	(4,165)
Enterprise Funds	457,892	457,894	2
Total	<u>\$ 1,968,402</u>	<u>\$ 1,964,236</u>	<u>\$ (4,166)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 704,690	\$ 688,455	\$ 16,235
Special Revenue	589,900	522,141	67,759
Debt Services	30,575	30,575	0
Capital Projects	532,448	453,970	78,478
Enterprise Funds	961,994	737,824	224,170
Total	<u>\$ 2,819,607</u>	<u>\$ 2,432,965</u>	<u>\$ 386,642</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 651,214	\$ 650,991	\$ (223)
Special Revenue	443,491	443,486	(5)
Debt Services	40,485	40,485	0
Capital Projects	97,121	91,191	(5,930)
Enterprise Funds	499,658	499,658	0
Total	<u>\$ 1,731,969</u>	<u>\$ 1,725,811</u>	<u>\$ (6,158)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 662,030	\$ 621,547	\$ 40,483
Special Revenue	565,460	533,124	32,336
Debt Services	31,515	31,515	0
Capital Projects	227,876	146,598	81,278
Enterprise Funds	936,142	595,261	340,881
Total	<u>\$ 2,423,023</u>	<u>\$ 1,928,045</u>	<u>\$ 494,978</u>

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 213,242	6.00%
Ohio Water Development Authority	32,502	6.25%
Town Hall Rehab. Loan	210,000	4.70%
Fire Truck Master Lease-Purchase	13,123	4.79%
Fire Station Building Improvement Bond	520,270	5.25%
Water Tower Loan	219,420	0.00%
Ohio Public Works Commission	<u>48,747</u>	0.00%
Total	<u>\$1,257,304</u>	

Water Mortgage Revenue Bonds: Payments due monthly over a 20 year term at percent interest. Final payment due September 2016.

Ohio Water Development Authority: Payable in semiannual payments on January 1 and July 1 through 2010.

Town Hall Rehab: Payable in semiannual payments on June 1 and December 1 through 2016.

Fire Truck Master Lease Purchase: Payable in semiannual payments on December 1 and June 1 through 2009.

Fire Station Building Improvement Bonds: Payable in semiannual payments on December 1 and June 1 through 2019.

Water Tower Loan: Payable in semiannual payments on January 1 and July 1 through 2023.

Ohio Public Works Commission: Payable in semiannual payments on January 1 and July 1 through 2038.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	Water Mortgage Bonds	Ohio Water Auth.	Town Hall Rehab	Fire Truck Master	Water Tower Loan	Fire Station Building	OPWC Loan CM19K
2009	\$ 40,025	\$ 6,077	\$ 29,635	\$ 13,438	\$ 7,567	\$ 65,087	\$ 826
2010	38,485	12,154	33,695	0	15,133	65,087	1,652
2011	36,805	12,155	37,403	0	15,133	65,087	1,653
2012	35,125	6,078	35,993	0	15,133	65,087	1,653
2013	33,445	0	34,583	0	15,133	65,088	1,653
2014-2018	81,886	0	80,288	0	75,661	325,434	8,262
2019-2023	0	0	0	0	75,660	32,543	8,262
2024-2028	0	0	0	0	0	0	8,262
Subsequent	0	0	0	0	0	0	16,524
Total	<u>\$ 265,771</u>	<u>\$ 36,464</u>	<u>\$ 251,597</u>	<u>\$ 13,438</u>	<u>\$ 219,420</u>	<u>\$ 683,413</u>	<u>\$ 48,747</u>

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

5. LEASE

In 2008, the Village entered into a lease agreement with Kansas State Bank for the lease of a brush chipper. The lease agreement contains a bargain purchase option of \$1 at the end of the lease term.

Future lease payments for the above lease are as follows:

Year Ending December 31:	Amount
2009	\$ 5,546
2010	5,546
2011	5,546
2012	5,546
2013	5,546
Total minimum lease payment	\$27,730
Less amount representing interest	3917
	<u>\$23,813</u>

6. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 behalf of the Village.

7. LOCAL INCOME TAX

This locally levied tax of 1.75 percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. Tax receipts are credited to the Village and amounted to \$513,987 in 2008 and \$492,346 in 2007.

**VILLAGE OF ANNA
SHELBY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of OP&F contribute 10 percent of their wages to the OP&F. The Village contributes an amount equal to 19.5 percent of their wages. OPERS members contribute 10 percent and 9.5 percent of their gross salaries for 2008 and 2007, respectively. The Village contributes an amount equal to 14 percent and 13.85 percent of participants' gross salaries for 2008 and 2007, respectively. The Village has paid all contributions required through December 31, 2008.

9. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,60,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Mayor and Members of Council
Village of Anna
209 W Main Street
Anna, Ohio 45302

To the Village Council:

We have audited the financial statements of the Village of Anna, Shelby County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 2, 2009 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting 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 a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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'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 the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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 material weaknesses. However, we believe the significant deficiency described above is also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated June 2, 2009.

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 grants 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 that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 2, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report for the information and use of the audit committee, management, and the Members of Council. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 2, 2009

**VILLAGE OF ANNA
SHELBY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 and 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Village.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

**VILLAGE OF ANNA
SHELBY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 and 2007**

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

FINDING NUMBER 2008-001, (Continued)

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used

It was noted that purchase orders were issued after the incurrence of an expense, 95 in 2008 and 120 in 2007. The Village should review the ORC regulations regarding purchase orders and consider issuing blanket or super Blanket purchase orders for recurring expenses.

Response: The Village will review ORC regulations to ensure that purchase orders are properly issued and used.

FINDING NUMBER 2008-002

Significant Deficiency / Material Weakness

Ohio Rev. Code, Section 733.28, requires the Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. The Village did not properly classify debt proceeds received by the Village in regards to the capital project in which Ohio Public Works Commission funds were received. Debt proceeds in the amount of \$49,573 were classified as intergovernmental instead of debt proceeds.

We recommend the Village post items according to the Village handbook. The Village has made these adjustments to their books and the adjustments are reflected in the financial statements.

Response: The Village will review its current accounting methods and implement changes where need.



Mary Taylor, CPA
Auditor of State

VILLAGE OF ANNA

SHELBY 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
AUGUST 20, 2009