



Dave Yost • Auditor of State

**VILLAGE OF ANNA
SHELBY COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2016	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015	6
Notes to the Financial Statements for the Years Ended December 31, 2016 and 2015	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Anna
Shelby County
209 West Main Street
P.O. Box 140
Anna, Ohio 45302

To the Members of Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Anna, Shelby County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements by fund type, and the related notes of the Village of Anna, Shelby County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 8, 2018

Village of Anna
Shelby County

**Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$42,025				\$42,025
Municipal Income Tax	424,149	307,595			731,744
Intergovernmental	43,836	118,346		27,051	189,233
Special Assessments		45,664			45,664
Charges for Services	5,116	67,302			72,418
Fines, Licenses and Permits	22,733	3,054			25,787
Earnings on Investments	98				98
Miscellaneous	32,126	25,706			57,832
<i>Total Cash Receipts</i>	<u>570,083</u>	<u>567,667</u>	<u>0</u>	<u>27,051</u>	<u>1,164,801</u>
Cash Disbursements					
Current:					
Security of Persons and Property	150,437	213,765			364,202
Public Health Services	4,129				4,129
Leisure Time Activities	1,200	9,178			10,378
Community Environment	178	750			928
Transportation	107,296	121,530		250,821	479,647
General Government	168,085	41,324			209,409
Capital Outlay				86,959	86,959
Debt Service:					
Principal Retirement		79,928	14,999	4,084	99,011
Interest and Fiscal Charges		23,216	364	203	23,783
<i>Total Cash Disbursements</i>	<u>431,325</u>	<u>489,691</u>	<u>15,363</u>	<u>342,067</u>	<u>1,278,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>138,758</u>	<u>77,976</u>	<u>(15,363)</u>	<u>(315,016)</u>	<u>(113,645)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds				223,770	223,770
Transfers In		8,000	6,892	116,137	131,029
Transfers Out	(131,029)				(131,029)
Other Financing Uses	(18,840)	(1,593)			(20,433)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(149,869)</u>	<u>6,407</u>	<u>6,892</u>	<u>339,907</u>	<u>203,337</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,111)</u>	<u>84,383</u>	<u>(8,471)</u>	<u>24,891</u>	<u>89,692</u>
<i>Fund Cash Balances, January 1</i>	<u>87,842</u>	<u>357,250</u>	<u>8,479</u>	<u>89,480</u>	<u>543,051</u>
Fund Cash Balances, December 31					
Restricted		420,509	8		420,517
Committed				114,371	114,371
Assigned	32,895	21,124			54,019
Unassigned (Deficit)	43,836				43,836
<i>Fund Cash Balances, December 31</i>	<u>\$76,731</u>	<u>\$441,633</u>	<u>\$8</u>	<u>\$114,371</u>	<u>\$632,743</u>

See accompanying notes to the financial statements

**Village of Anna
Shelby County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$781,124		\$781,124
Fines, Licenses and Permits	\$1,100	\$5,820	6,920
<i>Total Operating Cash Receipts</i>	<u>782,224</u>	<u>5,820</u>	<u>788,044</u>
Operating Cash Disbursements			
Personal Services	166,811		166,811
Employee Fringe Benefits	110,333		110,333
Contractual Services	164,625		164,625
Supplies and Materials	24,890		24,890
Other	5,909	5,820	11,729
<i>Total Operating Cash Disbursements</i>	<u>472,568</u>	<u>5,820</u>	<u>478,388</u>
<i>Operating Income (Loss)</i>	<u>309,656</u>	<u>0</u>	<u>309,656</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	14,628		14,628
Capital Outlay	(193,230)		(193,230)
Principal Retirement	(47,287)		(47,287)
Interest and Other Fiscal Charges	(10,272)		(10,272)
Other Financing Sources			0
Other Financing Uses			0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(236,161)</u>	<u>0</u>	<u>(236,161)</u>
<i>Income before Transfers</i>	73,495	0	73,495
Transfers In		69	69
Transfers Out	(69)		(69)
<i>Net Change in Fund Cash Balances</i>	73,426	69	73,495
<i>Fund Cash Balances, January 1</i>	<u>535,299</u>	<u>300</u>	<u>535,599</u>
<i>Fund Cash Balances, December 31</i>	<u>\$608,725</u>	<u>\$369</u>	<u>\$609,094</u>

See accompanying notes to the financial statements

**Village of Anna
Shelby County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$41,636				\$41,636
Municipal Income Tax	434,916	303,677			738,593
Intergovernmental	40,083	81,783		107,949	229,815
Special Assessments		40,970			40,970
Charges for Services	2,011	71,338			73,349
Fines, Licenses and Permits	34,662	4,516			39,178
Earnings on Investments	58				58
Miscellaneous	25,608	13,851		500	39,959
<i>Total Cash Receipts</i>	<u>578,974</u>	<u>516,135</u>	<u>0</u>	<u>108,449</u>	<u>1,203,558</u>
Cash Disbursements					
Current:					
Security of Persons and Property	155,830	256,608			412,438
Public Health Services	4,656				4,656
Leisure Time Activities	1,200	20,977			22,177
Community Environment	497	764			1,261
Transportation	116,679	92,067		107,949	316,695
General Government	167,332	40,431			207,763
Capital Outlay				48,634	48,634
Debt Service:					
Principal Retirement		69,074	29,999	7,545	106,618
Interest and Fiscal Charges		25,112	1,755	152	27,019
<i>Total Cash Disbursements</i>	<u>446,194</u>	<u>505,033</u>	<u>31,754</u>	<u>164,280</u>	<u>1,147,261</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>132,780</u>	<u>11,102</u>	<u>(31,754)</u>	<u>(55,831)</u>	<u>56,297</u>
Other Financing Receipts (Disbursements)					
Transfers In		8,000	36,000	113,972	157,972
Transfers Out	(129,472)	(7,500)		(7,000)	(143,972)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(129,472)</u>	<u>500</u>	<u>36,000</u>	<u>106,972</u>	<u>14,000</u>
<i>Net Change in Fund Cash Balances</i>	3,308	11,602	4,246	51,141	70,297
<i>Fund Cash Balances, January 1</i>	<u>84,534</u>	<u>345,648</u>	<u>4,233</u>	<u>38,339</u>	<u>472,754</u>
Fund Cash Balances, December 31					
Restricted		352,159	8,479		360,638
Committed				89,480	89,480
Assigned	87,842	5,091			92,933
<i>Fund Cash Balances, December 31</i>	<u>\$87,842</u>	<u>\$357,250</u>	<u>\$8,479</u>	<u>\$89,480</u>	<u>\$543,051</u>

See accompanying notes to the financial statements

**Village of Anna
Shelby County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2015**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Agency		(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$749,205			\$749,205
Fines, Licenses and Permits	\$1,050		\$19,645	20,695
<i>Total Operating Cash Receipts</i>	<u>750,255</u>		<u>19,645</u>	<u>769,900</u>
Operating Cash Disbursements				
Personal Services	160,910			160,910
Employee Fringe Benefits	110,124			110,124
Contractual Services	196,738			196,738
Supplies and Materials	31,884			31,884
Other	4,891		19,645	24,536
<i>Total Operating Cash Disbursements</i>	<u>504,547</u>		<u>19,645</u>	<u>524,192</u>
<i>Operating Income (Loss)</i>	<u>245,708</u>		<u>0</u>	<u>245,708</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	7,387			7,387
Capital Outlay	(174,496)			(174,496)
Principal Retirement	(68,885)			(68,885)
Interest and Other Fiscal Charges	(11,890)			(11,890)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(247,884)</u>		<u>0</u>	<u>(247,884)</u>
<i>Income (Loss) before Transfers</i>	<u>(2,176)</u>		<u>0</u>	<u>(2,176)</u>
Transfers Out	(14,000)			(14,000)
<i>Net Change in Fund Cash Balances</i>	<u>(16,176)</u>		<u>0</u>	<u>(16,176)</u>
<i>Fund Cash Balances, January 1</i>	<u>551,475</u>		<u>300</u>	<u>551,775</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$535,299</u></u>		<u><u>\$300</u></u>	<u><u>\$535,599</u></u>

See accompanying notes to the financial statements

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

1. REPORTING ENTITY

The Village of Anna (the Village), Shelby County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and fire and police services

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. General Fund

The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Fund - The fire fund accounts for and reports income tax revenue and fire contract revenue to fund the operations of the fire department.

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Town Hall Bond Retirement Fund - The town hall bond retirement fund receives money via transfers from other funds to pay the bond for the renovation of the town hall.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvement Fund - The capital improvement fund accounts for and reports income tax revenue transferred from the general fund to be used for various Village capital improvements.

Young Street Reconstruction Fund - The Young Street reconstruction fund accounts for and reports grant and loan proceeds from the Ohio Public Works Commission (OPWC) for the Young Street Reconstruction Project.

5. Enterprise Funds

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

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines. Funds are collected on behalf of the State of Ohio and Village.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

D. Budgetary Process

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

1. 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. Unencumbered appropriations lapse at year end.

2. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2016 and 2015 budgetary activity appears in Note 4.

E. Deposits

The Village only has depository bank accounts.

F. Capital Assets

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

G. Accumulated Leave

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

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-spendable - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. COMPLIANCE

Contrary to Ohio law, the Village recorded fire contract revenue in the general fund rather than the fire fund.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$995,975	\$570,083	(\$425,892)
Special Revenue	503,630	575,667	72,037
Debt Service	15,125	6,892	(8,233)
Capital Projects	500,000	366,958	(133,042)
Enterprise	818,900	796,852	(22,048)
Total	\$2,833,630	\$2,316,452	(\$517,178)

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,133,504	\$584,863	\$548,641
Special Revenue	792,384	492,983	299,401
Debt Service	23,603	15,363	8,240
Capital Projects	573,895	342,067	231,828
Enterprise	1,349,188	726,862	622,326
Total	<u>\$3,872,574</u>	<u>\$2,162,138</u>	<u>\$1,710,436</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$865,000	\$578,974	(\$286,026)
Special Revenue	421,823	524,135	102,312
Debt Service	35,000	36,000	1,000
Capital Projects	470,000	222,421	(247,579)
Enterprise	692,300	757,642	65,342
Total	<u>\$2,484,123</u>	<u>\$2,119,172</u>	<u>(\$364,951)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$949,392	\$580,818	\$368,574
Special Revenue	637,180	521,450	115,730
Debt Service	31,800	31,754	46
Capital Projects	507,877	171,280	336,597
Enterprise	875,925	783,592	92,333
Total	<u>\$3,002,174</u>	<u>\$2,088,894</u>	<u>\$913,280</u>

5. DEPOSITS

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

	<u>2016</u>	<u>2015</u>
Demand deposits	\$1,241,837	\$1,078,650
Total deposits	<u>1,241,837</u>	<u>\$1,078,650</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or 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, 2016 AND 2015
(Continued)**

6. TAXES

A. Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

B. Income Taxes

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 and 2015.

	2016	2015
Assets	\$14,765,712	\$14,643,667
Liabilities	(9,531,506)	(9,112,030)
Members' Equity	\$5,234,206	\$5,531,637

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

B. Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% of their wages from January 1, 2015 through June 30, 2015 and 12.25% of their wages from July 1, 2015 through December 31, 2016. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages for 2015 and 2016. The Village has paid all contributions required through December 31, 2016.

C. Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

9. POST-EMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 and 2015. OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Fire Station Bank Loan	\$204,245	5.25%
Water Tower OPWC Loan	\$105,928	0%
Main Street Sewer OPWC Loan	\$36,354	0%
Fire Truck Bank Loan	\$250,275	3.68%
WWTP Upgrade OWDA Loan	\$279,602	3.24%
2016 GMC Crew Truck Bank Loan	\$35,965	2.55%
John Deere Gator Bank Loan	2,353	0%
Young Street Reconstruction Phase I OPWC Loan	223,770	0%
Total	\$1,138,492	

The fire station bank loan was issued to build a new fire station. The original loan amount was \$800,000 for a term of 20 years at 5.25%. The payments are made semi-annually. Each payment is \$32,543.50. The loan payments began in December 1999 with the last payment due June 2019. Payments were made from the fire fund.

The water tower OPWC loan was issued to build a new water tower. The original loan amount was \$302,650 for a term of 20 years interest-free. The payments are made semi-annually. Each payment is \$7,566.25. The loan payments began in January 2004 with the last payment due July 2023. Payments were made from the water fund.

The Main Street Sewer OPWC Loan was issued to install a sewer main that was installed on Main Street during a streetscape project. The original loan amount was \$49,573 for a term of 30 years interest-free. The payments are made semi-annually. Each payment is \$826.22. The loan payments began in January 2009 with the last payment due July 2038. Payments were made from the sewer fund.

The fire truck bank loan was issued to purchase a new fire truck. The original loan amount was \$459,075 for a term of 10 years at 3.68%. The payments are made annually. Each payment is \$55,701.71. The loan payments began in November 2012 with the last payment due November 2021. Payments were made from the fire fund.

The waste water treatment plant (WWTP) upgrade OWDA loan was issued to renovate and update the waste water treatment plant. The original loan amount was \$308,123.78 for a term of 20 years at 3.24%. The payments are made semi-annually. Each payment is \$10,529.13. The loan payments began July 2014 with the last payment due January 2034. Payments were made from the sewer fund.

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

10. DEBT (Continued)

The 2016 GMC crew truck bank loan was issued to purchase a truck. The original loan amount was \$47,503.10 for a term of 3 years at 2.55%. The payments are made monthly. Each payment is \$1,372.05. The loan payments began March 2016 with the last payment due March 2019. Payments were made from the capital improvement fund, water fund, and sewer fund.

The John Deere Gator bank loan was issued to purchase a John Deere Gator. The loan was issued for a term of 3 years. The payments are made monthly. Each payment is \$261.41. The loan payments began in 2014 with the last payment due in September 2017.

The Young Street Reconstruction Phase I OPWC loan was issued for the reconstruction of Young Street. The original loan amount was \$223,769.75 for a term of 30 years interest-free. No payments were made on this loan during 2016 or 2015. The payments are due semi-annually. Each payment is \$3,729.50. The loan payments begin in 2017 with the last payment due July 2046.

The Village paid off a 2014 Ford Dump Truck Loan during 2015. Additionally, the Village paid off a water bank loan, town hall rehab building bond, and a mower lease during 2016.

During 2015, the Village issued hospital facilities revenue bonds in the amount of \$10 million to finance the costs of acquiring, constructing, improving, equipping and furnishing a medical office building for Wilson Memorial Hospital (the Corporation) in the City of Sidney in Shelby County (the County). The bonds do not represent a general obligation, debt or bonded indebtedness of the Village and the Village does not have any liability for the payment from its own resources of the principal of or interest or any premium on the bonds. The bonds are payable solely and exclusively from money made available, directly or indirectly, by the Corporation under the existing lease between the County, as lessor, and the Corporation, as lessee. Accordingly, the bonds are not included in the Village's debt tables.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loan	Bank Loans
2017	\$24,244	\$21,058	\$139,606
2018	24,244	21,058	137,253
2019	24,244	21,058	145,957
2020	24,244	21,058	55,702
2021	24,244	21,058	55,757
2022-2026	75,822	105,291	
2027-2031	45,557	105,291	
2032-2036	45,557	52,646	
2037-2041	40,600		
2042-2046	37,295		
Total	\$366,051	\$368,518	\$534,275

**VILLAGE OF ANNA
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

11. SUBSEQUENT EVENTS

During 2017, the Village Council approved a contract in the amount of \$321,013 for Young Street improvement and reconstruction. The Village entered into a loan/grant agreement with OPWC for \$128,013 covered by a loan and the remaining \$193,000 was covered by a grant.

Also during 2017, the Village Council approved to issue \$99,000 in loan proceeds for construction projects that will result in future sidewalk and curb assessments at various locations in the Village.



Dave Yost • Auditor of State

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

Village of Anna
Shelby County
209 West Main Street
P.O. Box 140
Anna, Ohio 45302

To the Members of Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Anna, Shelby County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 8, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 to 2016-005 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 8, 2018

VILLAGE OF ANNA
SHELBY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

NONCOMPLIANCE/MATERIAL WEAKNESS

Ohio Rev. Code Section 733.28 requires, in part, that the village clerk shall keep the books of the Village and exhibit accurate statements of all moneys received and expended.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified and adjusted on the Village's financial statements:

2016 Errors

- Motor vehicle registration fees were incorrectly reported as property and other local taxes in the amount of \$18,841 and \$1,526 for the street construction, maintenance, and repair fund and state highway fund, respectively, rather than intergovernmental revenue.
- County-levied permissive tax receipts were incorrectly reported as property and other local taxes in the amount of \$36,290 in the street construction, maintenance and repair fund rather than intergovernmental revenue in the permissive tax fund.
- As described below with 2015, intergovernmental revenue and related transportation expense in the amount of \$107,949 was incorrectly recorded in 2016 rather than 2015 for the capital projects fund.
- Ohio Public Works Commission (OPWC) loan proceeds in the amount of \$223,770 in the capital projects fund were incorrectly recorded as intergovernmental revenue.
- Various miscellaneous revenue sources totaling \$5,669 in the general fund were incorrectly recorded as special items.
- A purchase of land for the waste water treatment plant was partially charged to the refuse fund in the amount of \$30,248, but no explanation could be provided as to why the sewer fund did not pay for the entire cost of the land. Also, the expenditure was charged incorrectly as contractual services rather than capital outlay.

2015 Errors

- Motor vehicle registration fees were incorrectly reported as property and other local taxes in the amount of \$17,405 and \$1,411 for the street construction, maintenance and repair fund and state highway fund, respectively, rather than intergovernmental revenue.
- Intergovernmental revenue and related transportation expense spent on-behalf of the Village by the Ohio Public Works Commission (OPWC) in the amount of \$107,949 was not recorded in the proper period (2015), but instead was recorded in 2016. The funding was paid by OPWC directly to the contractor in November 2015 and related to the capital projects fund.
- September charges for services revenue for the water fund were incorrectly recorded to the sewer fund in the amount of \$24,318.
- A police grant receipt of \$480 was incorrectly reported as a special item rather than intergovernmental revenue in the general fund.
- Various miscellaneous revenue sources totaling \$13,381 in the general fund were incorrectly recorded as special items.

**FINDING NUMBER 2016-001
(Continued)**

The Village's accounting system was updated to correct fund balance errors.

Failure to properly record financial activity could lead to material financial statement errors and misleading financial statement information.

Policies and procedures should be developed and implemented to verify that all financial activity is recorded correctly. To assist in this process, the Village should review the Uniform Accounting Network (UAN) chart of accounts.

FINDING NUMBER 2016-002

NONCOMPLIANCE/MATERIAL WEAKNESS

Section 5, Article XII of the Ohio Constitution states that no tax shall be levied, except in pursuance of law; and every law imposing a tax shall state, distinctly, the object of same, to which only, it shall be applied.

Additionally, **Ohio Rev. Code Section 5705.10(C)** states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

The Village established a fire fund in a previous year to account for income tax levy proceeds that have been designated by the voters of the Village for fire department improvements and expenses. The Village's fire fund accounted for all Village expenses related to the fire department. The Village contracted with a local Township to provide fire protection services; however, the related fire contract revenue was recorded in the Village's general fund for 2016 and 2015 despite no related expenses being charged to the general fund. In recording this revenue in the general fund, the Village has essentially used a portion of the Village income tax levy to provide fire protection to the Township. However, the levy was passed to provide fire protection inside the Village; therefore, this would be a violation of the use of the income tax levy monies.

For 2016 and 2015, \$65,000 and \$69,876, respectively, in Township fire contract revenue was incorrectly recorded in the Village's general fund as charges for services revenue. The financial statements were adjusted to record this revenue and related cash to the Village's fire fund, which is a special revenue fund. The Village's accounting system was also updated to record this revenue in the fire fund rather than the general fund.

Failure to record fire contract revenue in the fire fund could lead to income tax levy proceeds being used for purposes that are not in accordance with the voters' wishes. This could also lead to unreliable financial statement information, fund balance adjustments, and difficulties in determining the true fund balance of the general fund and fire fund.

The Village should implement policies and procedures to verify that all revenue is recorded in the proper fund. If related fire expenses are paid from the Village's fire fund, all fire contract revenue should be recorded in the Village's fire fund.

FINDING NUMBER 2016-003

MATERIAL WEAKNESS – INCOME TAX ALLOCATION

The Village levied a 1.75% income tax during the audit period. A Village ordinance allocated 30% of the initial 1% unrestricted income tax to capital improvements. An additional .75% income tax was approved by the voters for fire department improvements and expenses.

The Village initially recorded all income tax revenue to the general fund and then allocated it to other funds via transfers. However, given the approved income tax levy for fire department improvements and expenses, .75% of the 1.75% (42.86%) in income tax receipts should have been recorded directly to the fire fund rather than the general fund. Given this error, income tax revenue in the general fund was overstated and income tax revenue in the fire fund (a special revenue fund) was understated by \$307,595 and \$303,677 for 2016 and 2015, respectively. The financial statements were adjusted for these errors.

Additionally, there were errors with the related transfer of income tax revenue, which resulted in the following financial statement errors that were adjusted on the 2016 financial statements:

- The Village under-allocated income tax revenue in the fire fund via transfers from the general fund in the amount of \$115,618. The Village subsequently identified an error in this allocation and moved \$88,176 from the general fund to the fire fund via a fund balance adjustment on February 28, 2017. Therefore, the fund balance error on the Village's accounting system was still \$27,442.
- The Village recorded transfers out of the general fund to the fire fund in the amount of \$191,977 that should have been posted directly to the fire fund as income tax revenue, as described above, rather than being allocated to the fire fund via transfers.

Additionally, there were errors with the related transfer of income tax revenue, which resulted in the following financial statement errors that were adjusted on the 2015 financial statements:

- The Village over-allocated income tax revenue from the general fund via transfers to the fire fund in the amount \$35,568. This revenue should have remained in the general fund. This included transfers out of the general fund to the fire fund in the amount of \$339,245 that should have been posted directly to the fire fund as income tax revenue, as described above, rather than being allocated to the fire fund via transfers.
- The Village under-allocated income tax revenue via transfers from the general fund to the capital improvement fund (a capital projects fund) in the amount of \$15,585.

All fund balance errors have been corrected on the Village's system.

Failure to record the proper portion of income tax revenue directly to the fire fund when it is initially received, failure to transfer income tax revenue to the capital improvement fund at the end of the month of receipt, and failure to maintain supporting documentation related to the amounts allocated to the fire fund and capital improvement fund could lead to incorrect amounts recorded in the funds, fund balance errors, expenditure of restricted funds for improper purposes, and misleading financial statement information.

The Village should implement policies and procedures to verify that the proper portion of income tax revenue is posted directly to the fire fund when received. Additionally, the Village should allocate income tax revenue via transfer to the capital improvements fund properly in accordance with the Village's income tax allocation ordinance in the month that the income tax revenue is received. Also, the Village should prepare and maintain support that shows the amount of income tax revenue determined to be recorded to the fire fund and transferred to the capital improvements fund.

FINDING NUMBER 2016-004

MATERIAL WEAKNESS – EQUITY CLASSIFICATIONS

Governmental Accounting Standards Board (GASB) Statement 54, paragraph 16 (GASB Codification 1800.176) states, in part, that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The Village failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent year at year-end 2016 and 2015 in the amounts of \$32,895 and \$87,842, respectively. This amount should have been classified as assigned fund balance rather than unassigned fund balance in the general fund. The financial statements have been adjusted for these errors.

GASB Statement 54, paragraph 10 (GASB Codification 1800.170) states that amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. In a previous year, the Village Council determined via Village ordinance that a portion of the Village's income tax revenue would be allocated to the capital improvement fund (a capital projects fund) for the purpose of construction, acquisition, maintenance and operation of capital improvements. Given the Village Council's designation of these funds for a specific purpose, the fund balance should have been reported as committed fund balance in the capital projects fund; however, the fund balance was incorrectly classified as restricted fund balance in the amounts of \$114,371 and \$89,480 for 2016 and 2015, respectively. The financial statements have been adjusted for these errors.

GASB Statement 54, paragraph 8 (GASB Codification 1800.168) states, in part, that fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. During the audit period, the Village's primary revenue source in the park fund was external contributions/donations restricted to Village park use. Therefore, the fund balance of the park fund should be classified as restricted. However, the fund balance was incorrectly classified as assigned fund balance in the amounts of \$21,124 and \$5,091 for 2016 and 2015, respectively. The financial statements have not been adjusted for these errors.

Failure to properly classify fund balances and activity could lead to misstated financial statements and misleading financial statement information.

The Village should perform a review of all Village funds and determine proper reporting of fund balances in accordance with GASB Statement 54 requirements and also review Auditor of State Bulletin 2011-004 for additional guidance.

FINDING NUMBER 2016-005

MATERIAL WEAKNESS – MAYOR'S COURT

The Village's mayor's court collects funds on-behalf of the Village and the State of Ohio; therefore, the related financial activity should be reported on the Village's financial statements in an agency fund. However, the Village did not report any agency fund activity on its financial statements.

FINDING NUMBER 2016-005
(Continued)

The agency fund activity was adjusted in the following amounts for the 2016 and 2015 financial statements:

- Opening and ending fund balance for 2016 and 2015 was \$300.
- Fines and forfeitures revenue for 2016 and 2015 was \$5,820 and \$19,645.
- Other expenses for 2016 and 2015 were \$5,820 and \$19,645.

Failure to properly report mayor's court activity could lead to misleading financial statement information and financial statement adjustments.

The Village should implement policies and procedures to report mayor's court activity in an agency fund and also report only the revenue paid to the Village by the mayor's court in the Village's general fund.

Officials' Response to All Findings:

There were seven different fiscal officers throughout this 2-year audit period, while the most recent fiscal officer came at the end of 2016. There were several errors noted that the Village corrected itself before the audit started, and the Village requested a full-audit because of what had been discovered and the negligence of specifically two of the past Fiscal Officers. The current fiscal officer has been to several trainings through the Auditor's Office. The Village will take measures to correct the findings of the 2015-2016 audit and will correct related items in 2017 and 2018. Certain changes to procedures will take place to safeguard the financial integrity of the Village.

This page intentionally left blank.



Dave Yost • 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
APRIL 3, 2018