

**VILLAGE OF ANNA**

DAYTON REGION, SHELBY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Anna  
209 W. Main Street  
Anna, Ohio 45302

We have reviewed the *Report of Independent Accountants* of the Village of Anna, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* 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 *Report of Independent Accountants* 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 16, 2007

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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**VILLAGE OF ANNA  
SHELBY COUNTY**

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

**REPORT OF INDEPENDENT ACCOUNTANTS**

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, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its large (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or its changes in financial position or cash flows of its proprietary funds 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, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis described in note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2007, on our consideration of the Village's internal control structure 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 11, 2007

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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, 2006

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and other Local Taxes	\$ 29,682	14,551	0	\$ 44,233
Municipal Income Taxes	468,869	0	0	468,869
Intergovernmental Receipts	68,350	175,246	0	243,596
Special Assessments	0	35,821	8,217	44,038
Charges for Services	0	54,328	0	54,328
Fines, Licenses and Permits	18,968	1,603	0	20,571
Earnings on Investments	19,056	480	0	19,536
Miscellaneous	13,669	2,975	0	16,644
<b>Total Cash Receipts</b>	<u>618,594</u>	<u>285,004</u>	<u>8,217</u>	<u>911,815</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Person and Property	141,091	169,302	0	310,393
Public Health Services	3,250	0	0	3,250
Leisure Time Activities	1,200	9,563	0	10,763
Community Environment	1,028	801	0	1,829
Transportation	42,866	47,001	350	90,217
General Government	101,018	15,843	5,623	122,484
Capital Outlay	0	118,537	249,177	367,714
Debt Service:				
Principal Payments	0	55,855	0	55,855
Interest Payments	0	36,139	0	36,139
<b>Total Cash Disbursements</b>	<u>290,453</u>	<u>453,041</u>	<u>255,150</u>	<u>998,644</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>328,141</u>	<u>(168,037)</u>	<u>(246,933)</u>	<u>(86,829)</u>
Other Financing Receipts/(Disbursements):				
Sale of Notes	0	0	250,000	250,000
Transfers-in	0	221,175	76,708	297,883
Transfers-out	(307,916)	0	0	(307,916)
Advances-in	0	0	7,826	7,826
Advances-out	0	0	(7,826)	(7,826)
<b>Total Other Financing Receipts/ Disbursements</b>	<u>(307,916)</u>	<u>221,175</u>	<u>326,708</u>	<u>239,967</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,225	53,138	79,775	153,138
<b>Fund Cash Balances, January 1, 2006</b>	<u>98,250</u>	<u>356,321</u>	<u>141,778</u>	<u>596,349</u>
<b>Fund Cash Balances, December 31, 2006</b>	<u>\$ 118,475</u>	<u>\$ 409,459</u>	<u>\$ 221,553</u>	<u>\$ 749,487</u>
Reserve for Encumbrances, December 31	<u>\$ 910</u>	<u>\$ 238</u>	<u>\$ 0</u>	<u>\$ 1,148</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, 2006

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Changes for Services	463,171	\$ 0	\$ 463,171
Subsidy	12,000	0	12,000
Fines, Licenses & Permits	0	10,406	10,406
Miscellaneous	1,792	0	1,792
Total Operating Cash Receipts	<u>476,963</u>	<u>10,406</u>	<u>487,369</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	156,859	0	156,859
Contractual Services	184,408	0	184,408
Supplies and Materials	53,363	0	53,363
Other	1,672	10,406	12,078
Employee Fringe Benefits	51,857	0	51,857
Total Operating Cash Disbursements	<u>448,159</u>	<u>10,406</u>	<u>458,565</u>
Operating Income (Loss)	<u>28,804</u>	<u>0</u>	<u>28,804</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments	0	0	0
Miscellaneous Receipts	3,185	0	3,185
Capital Outlay	(51,401)	0	(51,401)
Debt Service:			0
Principal Payments	(51,584)	0	(51,584)
Interest Payments	(20,985)	0	(20,985)
Total Non-Operating Cash Receipts	<u>(120,785)</u>	<u>0</u>	<u>(120,785)</u>
Income (Loss) Before Operating Transfers	(91,981)	0	(91,981)
Transfers In	<u>10,032</u>	<u>0</u>	<u>10,032</u>
Net Receipts Over/(Under) Disbursements	<u>(81,949)</u>	<u>0</u>	<u>(81,949)</u>
<b>Fund Balances, January 1, 2006</b>	<u>721,112</u>	<u>0</u>	<u>721,112</u>
<b>Fund Balances, December 31, 2006</b>	<u>639,163</u>	<u>0</u>	<u>639,163</u>
Reserve for Encumbrances, December 31	<u>1,077</u>	<u>0</u>	<u>1,077</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, 2005

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and other Local Taxes	\$ 26,004	12,811	0	\$ 38,815
Municipal Income Taxes	444,854	0	0	
Intergovernmental Receipts	73,464	70,527	18,500	162,491
Special Assessments	0	35,070	30,773	65,843
Charges for Services	0	69,530	0	69,530
Fines, Licenses and Permits	26,048	2,050	0	28,098
Earnings on Investments	14,558	491	0	15,049
Miscellaneous	10,148	13,036	0	23,184
<b>Total Cash Receipts</b>	<u>595,076</u>	<u>203,515</u>	<u>49,273</u>	<u>847,864</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Person and Property	158,652	173,338	0	331,990
Public Health Services	2,966	0	0	2,966
Leisure Time Activities	1,200	20,978	0	22,178
Community Environment	1,200	5	0	1,205
Basic Utility Services	0	8,025	0	8,025
Transportation	85,764	78,915	414	165,093
General Government	129,366	0	0	129,366
Capital Outlay	0	0	87,194	87,194
Debt Service:				
Principal Payments	0	53,134	0	53,134
Interest Payments	0	38,874	0	38,874
<b>Total Cash Disbursements</b>	<u>379,148</u>	<u>373,269</u>	<u>87,608</u>	<u>840,025</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>215,928</u>	<u>(169,754)</u>	<u>(38,335)</u>	<u>7,839</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	1,000	0	0	1,000
Transfers-in	0	222,860	61,512	284,372
Transfers-out	(291,461)	0	0	(291,461)
Advances-in	0	0	30,359	30,359
Advances-out	0	0	(30,359)	(30,359)
<b>Total Other Financing Receipts/ Disbursements</b>	<u>(290,461)</u>	<u>222,860</u>	<u>61,512</u>	<u>(6,089)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(74,533)	53,106	23,177	1,750
<b>Fund Cash Balances, January 1, 2005</b>	<u>172,783</u>	<u>303,215</u>	<u>118,601</u>	<u>594,599</u>
<b>Fund Cash Balances, December 31, 2005</b>	<u>\$ 98,250</u>	<u>\$ 356,321</u>	<u>\$ 141,778</u>	<u>\$ 596,349</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, 2005

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Changes for Services	458,660	\$ 0	\$ 458,660
Subsidy Payments	23,000	0	23,000
Fines, Licenses and Permits	0	17,369	17,369
Miscellaneous	840	0	840
Total Operating Cash Receipts	<u>482,500</u>	<u>17,369</u>	<u>499,869</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	125,718	0	125,718
Contractual Services	166,299	0	166,299
Supplies and Materials	44,856	0	44,856
Other	2,307	17,369	19,676
Employee Fringe Benefits	44,382	0	44,382
Total Operating Cash Disbursements	<u>383,562</u>	<u>17,369</u>	<u>400,931</u>
Operating Income (Loss)	<u>98,938</u>	<u>0</u>	<u>98,938</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	50,103	0	50,103
Capital Outlay	(199,252)	0	(199,252)
Debt Service:			
Principal Payments	(59,174)	0	(59,174)
Interest Payments	(23,584)	0	(23,584)
Total Non-Operating Cash Receipts	<u>(231,907)</u>	<u>0</u>	<u>(231,907)</u>
Income (Loss) Before Operating Transfers	(132,969)	0	(132,969)
Transfers In	<u>7,089</u>	<u>0</u>	<u>7,089</u>
Net Receipts Over/(Under) Disbursements	<u>(125,880)</u>	<u>0</u>	<u>(125,880)</u>
<b>Fund Balances, January 1, 2005</b>	<u>846,992</u>	<u>0</u>	<u>846,992</u>
<b>Fund Balances, December 31, 2005</b>	<u><u>721,112</u></u> \$	<u><u>0</u></u> \$	<u><u>721,112</u></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, 2006 AND 2005**

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**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, 2006 AND 2005**

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**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.

**Parks and Recreation Fund** – This fund receives fees to maintain the Village's parks.

**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.

**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.

**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.

**VILLAGE OF ANNA  
SHELBY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (continued)**

**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.

**E. 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**

The 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 2006 and 2005 budgetary activity appears in Note 3.

**VILLAGE OF ANNA  
SHELBY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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.

**G. 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.

**H. 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>2006</u>	<u>2005</u>	
Demand Deposits	\$ 955,272	\$ 894,115	
Certificates of Deposit	<u>433,378</u>	<u>423,346</u>	
Total Deposits	<u>1,388,650</u>	<u>1,317,461</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 YEAR ENDED DECEMBER 31, 2006**

**3. BUDGETARY ACTIVITY**

**Budgetary activity for the year ending December 31, 2006 was as follows:**

**2006 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
	<b>Receipts</b>	<b>Receipts</b>	
General	\$ 618,601	\$ 618,594	\$ (7)
Special Revenue	506,181	506,179	(2)
Capital Projects	334,925	334,925	0
Enterprise Funds	490,180	490,180	0
Total	<u>\$ 1,949,887</u>	<u>\$ 1,949,878</u>	<u>\$ (9)</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation</b>	<b>Budgetary</b>	<b>Variance</b>
	<b>Authority</b>	<b>Expenditures</b>	
General	\$ 629,474	\$ 599,279	\$ 30,195
Special Revenue	484,785	453,279	31,506
Capital Projects	370,391	255,150	115,241
Enterprise Funds	933,713	573,206	360,507
Total	<u>\$ 2,418,363</u>	<u>\$ 1,880,914</u>	<u>\$ 537,449</u>

**Budgetary activity for the year ending December 31, 2005 was as follows:**

**2005 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
	<b>Receipts</b>	<b>Receipts</b>	
General	\$ 605,809	\$ 596,076	\$ (9,733)
Special Revenue	417,593	426,375	8,782
Capital Projects	119,530	110,785	(8,745)
Enterprise Funds	540,044	539,692	(352)
Total	<u>\$ 1,682,976</u>	<u>\$ 1,672,928</u>	<u>\$ (10,048)</u>

**2005 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation</b>	<b>Budgetary</b>	<b>Variance</b>
	<b>Authority</b>	<b>Expenditures</b>	
General	\$ 746,154	\$ 670,609	\$ 75,545
Special Revenue	455,873	373,269	82,604
Capital Projects	94,400	87,608	6,792
Enterprise Funds	1,052,817	665,572	387,245
Total	<u>\$ 2,349,244</u>	<u>\$ 1,797,058</u>	<u>\$ 552,186</u>

**VILLAGE OF ANNA  
SHELBY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**4. DEBT OBLIGATIONS**

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 269,242	6.00%
Ohio Water Development Authority	50,996	6.25%
Town Hall Rehab. Loan	250,000	4.70%
Fire Truck Master Lease-Purchase	62,708	4.79%
Fire Station Building Improvement Bond	591,109	5.25%
Water Tower Loan	<u>249,685</u>	0.00%
Total	<u>\$1,473,740</u>	

Water Mortgage Revenue Bonds:

Payments due monthly over a 20 year term at interest rate of 6%. Final payment due September 2016

Ohio Water Development Authority:

Payable in semiannual payments on January 1 and July 1 through 2012 at a rate of 6.25%.

Town Hall Rehab:

Payable in semiannual payments on June 1 and December 1 through 2016 at a rate of 4.7%.

Fire Truck Master Lease Purchase:

Payable in semiannual payments on December 1 and June 1 through 2009 at a rate of 4.79%.

Fire Station Building Improvement Bonds:

Payable in semiannual payments on December 1 and June 1 through 2019 at a rate of 5.25%.

Water Tower Loan:

Payable in semiannual payments on January 1 and July 1 through 2023 at a rate of 0%.

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
2007	\$ 43,385	\$ 6,078	\$ 31,515	\$ 26,923	\$ 7,566	\$ 65,087
2008	41,705	12,154	30,575	26,923	15,133	65,087
2009	40,025	12,154	29,635	26,923	15,133	65,087
2010	38,345	12,154	33,695	26,923	15,133	65,087
2011	36,665	12,154	37,403	13,462	15,133	65,087
2012-2016	151,215	6,078	150,510	0	75,665	325,435
Subsequent	0	0	0	0	30,264	162,717
Total	<u>\$ 351,340</u>	<u>\$ 60,772</u>	<u>\$ 313,333</u>	<u>\$ 121,154</u>	<u>\$ 174,027</u>	<u>\$ 813,587</u>

**VILLAGE OF ANNA  
SHELBY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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.

**6. LOCAL INCOME TAX**

This locally levied tax of 1.75% 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 \$468,869 in 2006 and \$444,854 in 2005.

**7. 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 2006 and 2005, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. OPERS members contribute 9% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Village contributes an amount equal to 13.7% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Village has paid all contributions required through December 31, 2006.

**VILLAGE OF ANNA  
SHELBY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and Omissions
- Public Officials

The Village also provides medical, dental and life insurance coverage for full-time employees through a commercial insurer.

**9. COMMITMENTS AND CONTINGENCIES**

Litigation

The Village was a defendant in a lawsuit. In this action, the plaintiffs allege, among other things, numerous violations of the Federal Clean Water Act in connection with the Village's operation of its' wastewater treatment plant. The Village has retained a legal firm to vigorously represent the interests of the Village in this litigation. This lawsuit was settled in 2006, for a payment of \$75,000.

In connection with the above actions, other parties may have the right to similar claims as the Plaintiffs did against the Village under the Federal Clean Water Act.

**10. SUBSIDY PAYMENTS**

The Village entered into an agreement with Honda of America Mfg., Inc. on March 28, 1995 regarding wastewater treatment matters. This agreement, among other things, calls for an annual payment from Honda to the Village to be used to reduce the rates and charges otherwise applicable for the treatment of wastewater by the Village's wastewater treatment system for users (other than Honda) of the Village's wastewater treatment system. The Village received \$23,000 in 2005 and \$12,000 in 2006. At December 31, 2006, the agreement has been paid in full.

**11. FUND RECLASSIFICATIONS**

Beginning January 1, 2005, the Village dissolved the Income Tax Fund (previously reported as expendable trust) into the General Fund to reflect the nature of the fund's activity. This reclassification resulted in the following changes in fund cash balances:

	<u>General Fund</u>	<u>Agency Fund</u>
Fund cash balance, December 31, 2004	\$156,641	\$16,142
Reclassification of Fund	<u>16,142</u>	<u>(16,142)</u>
Fund cash balance, January 1, 2005	<u>\$172,783</u>	<u>\$ 0</u>

**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  
5 West Fourth Street  
Anna, Ohio 45345

We have audited the financial statements of the Village of Anna, Shelby County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 11, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we performed tests of 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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In a separate letter to the Village's management dated June 11, 2007, we reported other matters related to noncompliance we deemed immaterial.

This report is intended for the information and use of the audit committee, management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 11, 2007



**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  
JULY 26, 2007**