

VILLAGE OF ANNA

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Members of Council
Village of Anna
209 West Main Street
Anna, Ohio 45302

We have reviewed the *Independent Auditors' Report* of the Village of Anna, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2011

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**VILLAGE OF ANNA
SHELBY COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Ann, Shelby County, Ohio, (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

Dayton | 6105 N. Dixie Drive | P.O. Box 13449 | Dayton, Ohio 45414
(937) 898-3167 | Fax (937) 898-9202 | Email: dayton@manningcpallc.com

Sidney | 500 Folkerth Avenue | Sidney, Ohio 45365
(937) 492-0386 | Fax (937) 492-3262 | Email: sidney@manningcpallc.com

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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, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 16, 2011

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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, 2010

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Services	Capital Projects	
Cash Receipts:					
Property and other Local Taxes	\$ 37,620	\$ 37,692	\$ 0	\$ 0	\$ 75,312
Municipal Income Taxes	480,826	0	0	0	480,826
Intergovernmental Receipts	121,159	57,387	0	101,432	279,978
Special Assessments	0	40,889	0	874	41,763
Charges for Services	2,270	67,020	0	0	69,290
Fines, Licenses and Permits	40,210	1,538	0	0	41,748
Earnings on Investments	361	0	0	0	361
Miscellaneous	8,688	2,047	0	0	10,735
Total Cash Receipts	<u>\$ 691,134</u>	<u>\$ 206,573</u>	<u>\$ 0</u>	<u>\$ 102,306</u>	<u>\$ 1,000,013</u>
Cash Disbursements:					
Current:					
Security of Person and Property	\$ 149,851	\$ 192,548	\$ 0	\$ 0	\$ 342,399
Public Health Services	5,973	0	0	0	5,973
Leisure Time Activities	1,200	11,500	0	0	12,700
Community Environment	400	100	0	0	500
Transportation	87,539	81,849	0	0	169,388
General Government	114,921	18,820	0	6,497	140,238
Capital Outlay	0	0	0	178,197	178,197
Debt Service:					
Principal Payments	0	40,304	25,000	0	65,304
Interest Payments	0	24,781	8,690	0	33,471
Total Cash Disbursements	<u>\$ 359,884</u>	<u>\$ 369,902</u>	<u>\$ 33,690</u>	<u>\$ 184,694</u>	<u>\$ 948,170</u>
Total Receipts Over/(Under) Disbursements	<u>331,250</u>	<u>(163,329)</u>	<u>(33,690)</u>	<u>(82,388)</u>	<u>51,843</u>
Other Financing Receipts/(Disbursements):					
Transfers-in	\$ 0	\$ 239,063	\$ 33,691	\$ 74,929	\$ 347,683
Transfers-out	(323,339)	(9,125)	0	(12,072)	(344,536)
Advances-in	0	0	0	833	833
Advances-out	0	0	0	(833)	(833)
Total Other Financing Receipts/ Disbursements	<u>\$ (323,339)</u>	<u>\$ 229,938</u>	<u>\$ 33,691</u>	<u>\$ 62,857</u>	<u>\$ 3,147</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,911	66,609	1	(19,531)	54,990
Fund Cash Balances, January 1,	<u>\$ 115,110</u>	<u>\$ 258,584</u>	<u>\$ 4</u>	<u>\$ 102,432</u>	<u>\$ 476,130</u>
Fund Cash Balances, December 31,	<u>\$ 123,021</u>	<u>\$ 325,193</u>	<u>\$ 5</u>	<u>\$ 82,901</u>	<u>\$ 531,120</u>
Reserve for Encumbrances, December 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2010

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Changes for Services	\$ 480,643	\$ 0	\$ 480,643
Fines, Licenses and Permits	1,420	24,676	26,096
Total Operating Cash Receipts	<u>482,063</u>	<u>24,676</u>	<u>506,739</u>
Operating Cash Disbursements:			
Personal Services	181,131	0	181,131
Employee Fringe Benefits	65,079	0	65,079
Contractual Services	140,704	0	140,704
Supplies and Materials	20,387	0	20,387
Other	4,280	24,676	28,956
Total Operating Cash Disbursements	<u>\$ 411,581</u>	<u>\$ 24,676</u>	<u>\$ 436,257</u>
Operating Income (Loss)	<u>70,482</u>	<u>0</u>	<u>70,482</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	\$ 4,764	\$ 0	\$ 4,764
Capital Outlay	(23,389)	0	(23,389)
Debt Service:			
Principal Payments	(55,540)	0	(55,540)
Interest Payments	(11,874)	0	(11,874)
Total Non-Operating Cash Receipts	<u>\$ (86,039)</u>	<u>\$ 0</u>	<u>\$ (86,039)</u>
Income (Loss) Before Operating Transfers	(15,557)	0	(15,557)
Transfers In	\$ 222	\$ 0	\$ 222
Transfers Out	<u>(3,369)</u>	<u>0</u>	<u>(3,369)</u>
Net Receipts Over/(Under) Disbursements	<u>\$ (18,704)</u>	<u>\$ 0</u>	<u>\$ (18,704)</u>
Fund Balances, January 1	<u>166,720</u>	<u>0</u>	<u>166,720</u>
Fund Balances, December 31	<u>\$ 148,016</u>	<u>\$ 0</u>	<u>\$ 148,016</u>
Reserve for Encumbrances, December 31	<u>\$ 411</u>	<u>\$ 0</u>	<u>\$ 411</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, 2009

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Services</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and other Local Taxes	\$ 35,019	\$ 19,814	\$ 0	\$ 0	\$ 54,833
Municipal Income Taxes	456,996	0	0	0	456,996
Intergovernmental Receipts	77,488	188,842	0	102,909	369,239
Special Assessments	0	40,344	0	4,437	44,781
Charges for Services	1,320	74,787	0	0	76,107
Fines, Licenses and Permits	44,121	2,103	0	0	46,224
Earnings on Investments	1,714	0	0	0	1,714
Miscellaneous	13,134	7,135	0	3,212	23,481
Total Cash Receipts	<u>\$ 629,792</u>	<u>\$ 333,025</u>	<u>\$ 0</u>	<u>\$ 110,558</u>	<u>\$ 1,073,375</u>
Cash Disbursements:					
Current:					
Security of Person and Property	\$ 137,766	\$ 197,341	\$ 0	\$ 0	\$ 335,107
Public Health Services	5,685	0	0	0	5,685
Leisure Time Activities	1,200	10,980	0	0	12,180
Community Environment	1,028	945	0	0	1,973
Transportation	69,343	80,709	0	184	150,236
General Government	127,397	17,264	0	5,273	149,934
Capital Outlay	0	132,770	0	168,246	301,016
Debt Service:					
Principal Payments	0	51,390	20,000	0	71,390
Interest Payments	0	27,133	9,631	0	36,764
Total Cash Disbursements	<u>\$ 342,419</u>	<u>\$ 518,532</u>	<u>\$ 29,631</u>	<u>\$ 173,703</u>	<u>\$ 1,064,285</u>
Total Receipts Over/(Under) Disbursements	<u>287,373</u>	<u>(185,507)</u>	<u>(29,631)</u>	<u>(63,145)</u>	<u>9,090</u>
Other Financing Receipts/(Disbursements):					
Transfers-in	\$ 0	\$ 224,081	\$ 29,635	\$ 72,234	\$ 325,950
Transfers-out	(303,951)	(5,927)	0	(5,927)	(315,805)
Advances-in	0	0	0	4,211	4,211
Advances-out	0	0	0	(4,211)	(4,211)
Total Other Financing Receipts/ Disbursements	<u>\$ (303,951)</u>	<u>\$ 218,154</u>	<u>\$ 29,635</u>	<u>\$ 66,307</u>	<u>\$ 10,145</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(16,578)</u>	<u>32,647</u>	<u>4</u>	<u>3,162</u>	<u>19,235</u>
Fund Cash Balances, January 1,	<u>\$ 131,688</u>	<u>\$ 225,937</u>	<u>\$ 0</u>	<u>\$ 99,270</u>	<u>\$ 456,895</u>
Fund Cash Balances, December 31,	<u>\$ 115,110</u>	<u>\$ 258,584</u>	<u>\$ 4</u>	<u>\$ 102,432</u>	<u>\$ 476,130</u>
Reserve for Encumbrances, December 31	<u>1,138</u>	<u>363</u>	<u>0</u>	<u>0</u>	<u>1,501</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, 2009

	Proprietary Fund Type		Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise		Agency		
Operating Cash Receipts:					
Changes for Services	\$	479,843	\$	0	\$ 479,843
Fines, Licenses and Permits		1,285		27,975	29,260
Total Operating Cash Receipts		<u>481,128</u>		<u>27,975</u>	<u>509,103</u>
Operating Cash Disbursements:					
Personal Services		192,574		0	192,574
Employee Fringe Benefits		70,226		0	70,226
Contractual Services		161,831		0	161,831
Supplies and Materials		25,142		0	25,142
Other		3,886		27,975	31,861
Total Operating Cash Disbursements	\$	<u>453,659</u>	\$	<u>27,975</u>	\$ <u>481,634</u>
Operating Income (Loss)		<u>27,469</u>		<u>0</u>	<u>27,469</u>
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts	\$	12,516	\$	0	\$ 12,516
Capital Outlay		(59,714)		0	(59,714)
Debt Service:					
Principal Payments		(53,483)		0	(53,483)
Interest Payments		(15,637)		0	(15,637)
Total Non-Operating Cash Receipts	\$	<u>(116,318)</u>	\$	<u>0</u>	\$ <u>(116,318)</u>
Income (Loss) Before Operating Transfers		(88,849)		0	(88,849)
Transfers In	\$	1,708	\$	0	\$ 1,708
Transfers Out		<u>(11,853)</u>		<u>0</u>	<u>(11,853)</u>
Net Receipts Over/(Under) Disbursements	\$	<u>(98,994)</u>	\$	<u>0</u>	\$ <u>(98,994)</u>
Fund Balances, January 1		<u>265,714</u>		<u>0</u>	<u>265,714</u>
Fund Balances, December 31	\$	<u><u>166,720</u></u>	\$	<u><u>0</u></u>	\$ <u><u>166,720</u></u>
Reserve for Encumbrances, December 31	\$	<u>411</u>	\$	<u>0</u>	\$ <u>411</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 YEARS ENDED DECEMBER 31, 2010 AND 2009

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 YEARS ENDED DECEMBER 31, 2010 AND 2009

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.

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

Capital Projects Funds:

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

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

Third Street Reconstruction Fund – This fund receives money for improvements made to Third Street.

Debt Service Funds:

These funds are used to accumulate resources for the payment of indebtedness.

Bond Retirement Fund - This fund accumulates resources for the payment of bonds issued.

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

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.

Fiduciary Funds (Trust and Agency 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 individuals, private organizations, or other governments. 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 reports the financial activity of the Village Mayor's Court fines, forfeitures and bonds. 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.

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Estimate Resources

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

Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

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. 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>2010</u>	<u>2009</u>
Demand Deposits	\$ 679,136	\$ 538,131
Certificates of Deposit	<u>0</u>	<u>104,719</u>
Total Deposits	<u>\$ 679,136</u>	<u>\$ 642,850</u>

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

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 691,133	\$ 691,134	\$ 1
Special Revenue	445,635	445,636	1
Debt Services	33,690	33,691	1
Capital Projects	178,067	177,235	(832)
Enterprise Funds	487,048	487,049	1
Total	<u>\$ 1,835,573</u>	<u>\$ 1,834,745</u>	<u>\$ (828)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 701,087	\$ 683,223	\$ 17,864
Special Revenue	408,362	379,027	29,335
Debt Services	33,694	33,690	4
Capital Projects	219,399	196,766	22,633
Enterprise Funds	555,408	506,164	49,244
Total	<u>\$ 1,917,950</u>	<u>\$ 1,798,870</u>	<u>\$ 119,080</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 630,991	\$ 629,792	\$ (1,199)
Special Revenue	557,106	557,106	0
Debt Services	29,635	29,635	0
Capital Projects	187,003	182,792	(4,211)
Enterprise Funds	495,351	495,352	1
Total	<u>\$ 1,900,086</u>	<u>\$ 1,894,677</u>	<u>\$ (5,409)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 693,852	\$ 647,508	\$ 46,344
Special Revenue	554,142	524,822	29,320
Debt Services	29,635	29,631	4
Capital Projects	253,694	179,630	74,064
Enterprise Funds	622,841	594,757	28,084
Total	<u>\$ 2,154,164</u>	<u>\$ 1,976,348</u>	<u>\$ 177,816</u>

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 158,667	6.00%
OWDA - Sewer Loan	11,624	6.25%
Town Hall Rehabilitation Loan	165,000	4.70%
Fire Station Building Improvement Bond	441,697	5.52%
OPWC - Water Tower Loan	189,156	0.0%
Ohio Public Works Commission	45,443	0.0%
Total	<u>\$1,011,587</u>	

Water Mortgage Revenue Bonds: Payments due monthly over a 20 year term at 6.00% interest. Final payment is due September 2016.

Ohio Water Development Authority (OWDA): Payable in semiannual payments on January 1 and July 1 through 2012.

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

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

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

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

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

4. DEBT OBLIGATIONS (Continued)

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

Year	Water Mortgage Revenue Bonds		OWDA Sewer Loan		Town Hall Rehabilitation Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$25,667	\$8,112	\$ 5,714	\$ 363	\$30,000	\$7,402
2012	28,000	7,210	5,910	168	30,000	5,992
2013	28,000	5,530	0	0	30,000	4,582
2014	28,000	3,850	0	0	30,000	3,172
2015	28,000	2,170	0	0	30,000	1,762
2016 - 2020	21,000	524	0	0	15,000	352
Totals	<u>\$158,667</u>	<u>\$27,396</u>	<u>\$11,624</u>	<u>\$531</u>	<u>\$165,000</u>	<u>\$23,262</u>

Year	OPWC Loans	Fire Station Bonds	
	Principal	Principal	Interest
2011	\$ 8,393	\$42,448	\$22,639
2012	16,785	44,705	20,381
2013	16,785	47,083	18,004
2014	16,785	49,588	15,500
2015	16,785	52,225	12,862
2016 - 2020	83,925	205,648	22,153
2021 - 2025	53,656	0	0
2026 - 2030	8,262	0	0
2031 - 2035	8,262	0	0
2036 - 2040	4,961	0	0
Totals	<u>\$234,599</u>	<u>\$441,697</u>	<u>\$111,539</u>

5. LEASE

The Village entered into lease agreements with Kansas State Bank for the lease of a brush chipper and Kubota Credit Corporation for the lease of a mower. The lease agreements contain bargain purchase options at the end of the lease terms. Future lease payments are as follows:

Year Ending December 31:	Amount
2011	\$ 7,974
2012	7,974
2013	7,973
2014	1,013
Total minimum lease payment	\$24,934
Less amount representing interest	1,639
	<u>\$23,295</u>

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

6. PROPERTY TAX

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

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

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

7. LOCAL INCOME TAX

This locally levied tax of 1.75 percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. Tax receipts are credited to the Village and amounted to \$480,826 in 2010 and \$456,996 in 2009.

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contributions rates. For 2010 and 2009, OPERS and OP&F participants contributed 10.0 percent of their wages and the Village contributed an amount equal to 14.0 percent and 19.5 percent of covered payroll, respectively. The Village has paid all contributions required through December 31, 2010.

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

9. RISK MANAGEMENT

Through December 31, 2008, the Village belongs to the Ohio Plan Risk Management, Inc. (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments (members). The Plan was legally separate from its member governments.

On January 1, 2009 through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management Inc. (OPRM) – formally known as the Ohio Risk Management Plan
- Ohio Plan Healthcare Consortium Inc. (OPHC) – formally known as the Ohio Healthcare Consortium; and
- Ohio Plan Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven members that include appointed and elected officials from member organizations.

Pursuant to Ohio Revised Code Sec. 2744.081, 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. These coverage programs, referred to as Ohio Risk Plan management (“OPRM”), 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, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% 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 725 members as of December 31, 2009. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (OPHC), as authorized by section 9.833 of the Ohio Revised Code. The OPHC was establish to provide cost effective employee benefit programs for Ohio political subdivisions and is a self funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out of pocket maximums. OPHC had 60 members as of December 31, 2009. The Village does not participate in this coverage.

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.

**VILLAGE OF ANNA
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

9. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008, the latest information available:

	2009			2008
	OPRM	OPHC	Total	
Assets	\$11,176,186	\$11,176,186	\$11,176,186	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(4,852,485)</u>	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members Equity	<u>\$6,323,701</u>	<u>\$6,323,701</u>	<u>\$6,323,701</u>	<u>\$ 5,184,333</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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

Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

**INDEPENDENT AUDITORS' 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
Shelby County
209 W. Main St.
Anna, Ohio 45302

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, 2010 and 2009, and have issued our report thereon dated May 16, 2011, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected, and timely corrected.

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

Dayton | 6105 N. Dixie Drive | P.O. Box 13449 | Dayton, Ohio 45414
(937) 898-3167 | Fax (937) 898-9202 | Email: dayton@manningcpallc.com

Sidney | 500 Folkerth Avenue | Sidney, Ohio 45365
(937) 492-0386 | Fax (937) 492-3262 | Email: sidney@manningcpallc.com

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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, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as Finding Number 2010-001.

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

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 16, 2011

**VILLAGE OF ANNA
SHELBY COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Noncompliance

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

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

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

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

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

**VILLAGE OF ANNA
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001 (Continued)

Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. The Village did not properly certify all purchases made with an appropriate purchase order. Purchase orders (POs) were issued after the incurrence of an expense for 7 percent and 25 percent of disbursements tested in 2010 and 2009, respectively, without certifying the PO as a Then and Now Certificate. Additionally, Then and Now POs were issued for amounts exceeding the \$3,000 limitation imposed by the Ohio Revised Code Section referenced above for 28 POs chosen for testing in 2010 and 16 POs chosen for testing in 2009.

To improve controls over disbursements and to help reduce the possibility that Village funds will exceed budgetary spending limitations, we recommend that the Village certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, and the expenditure meets the criteria noted above, "Then and Now" certification should be used to prevent a noncompliance situation. However, the Fiscal Officer should take care to ensure that use of a Then and Now PO does not create a different noncompliance situation.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Village will review ORC Section 5705.41 (D) for proper certification of funds.

**VILLAGE OF ANNA
SHLEBY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Rev. Code Sec. 5705.41(D) - Purchases were not all certified prior to the incurrence of the expense	No	Reissued as Finding Number 2010-001
2008-002	Ohio Rev. Code Sec. 733.28 - Misclassification of debt proceeds resulted in inaccurate recordkeeping	Yes	

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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
JULY 26, 2011