

Village of Anna, Ohio

Year End December 31, 2023

Notes to the Financial Statements

Village of Anna, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 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, street maintenance, park operations, fire and police services, and management of these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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:

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.

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 Fund 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.

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

Park and Recreation This fund receives money from the General Fund to construct facilities, maintain facilities and grounds and host events in the park.

Law Enforcement Trust This fund receives money from the proceeds from the sale of seized property and cash used for police education.

American Rescue Plan Act This fund receives money from the Treasury, for expenditures related to COVID-19 and infrastructure development.

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DUI Enforcement and Education This fund receives money from the fines and is used to enforce and educate the public about driving under the influence.

Street Lighting Assessment This fund receives money from property tax assessments to provide for street lighting.

Community Reinvestment Area This fund receives money from the annual fees from businesses to continue their Community Reinvestment Agreements. These funds are used to pay the school to offset the tax abatement received from residential remodels or constructions utilizing the Community Reinvestment.

Mayor's Court Computer This fund receives money from fines and is used for the maintenance and purchase of hardware and software for the Mayor's Court Clerk. **Mayor's court closed 2023.**

Fire Department This fund receives money from a ¾% income tax levy and is used for fire protection.

Debt Service Funds 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

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 This fund receives money from the Income Tax Levy that is transferred from the General Fund to be used for capital improvements within the Village.

OPWC Grant This fund receives money from an OPWC grant and loan and is a pass-through fund to show payment for OPWC grant projects.

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 This fund receives charges for services from residents to cover water service costs. The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs. The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Refuse Fund This fund receives money for the sale of garbage bags and tags to pay for the purchase of bags and tags. It also charges for services from residents to cover recycling collection.

Utility Deposit This fund receives money from renters who must make a deposit for utility services. These funds are used to pay off outstanding bills when renters leave or is refunded if nothing is owed.

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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 account for Mayor's Court.

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. **Mayor's court closed 2023.**

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).

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.

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. Unencumbered appropriations lapse at year end.

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.

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 2023 and 2022 budgetary activity appears in Note 3.

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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.

Accumulated Leave

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

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:

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.

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Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$633,932	\$757,963	\$124,031
Special Revenue	612,810	727,171	114,361
Debt Service	0	0	0
Capital Projects	296,018	355,851	59,833
Enterprise	934,300	989,555	55,255
Total	\$2,477,060	\$2,830,541	\$353,481

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$976,851	\$689,626	\$287,225
Special Revenue	1,457,861	662,500	795,361
Debt Service	0	0	0
Capital Projects	528,347	207,000	321,347
Enterprise	1,491,381	705,187	786,194
Total	\$4,454,440	\$2,264,313	\$2,190,127

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$610,601	\$779,938	\$169,337
Special Revenue	712,971	826,956	113,985
Debt Service	0	0	0
Capital Projects	381,203	385,833	4,630
Enterprise	909,700	952,714	43,014
Total	\$2,614,475	\$2,945,442	\$330,967

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2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$892,503	\$714,737	\$177,767
Special Revenue	1,266,433	530,159	736,274
Debt Service	0	0	0
Capital Projects	524,067	290,669	233,398
Enterprise	1,466,089	925,439	540,650
Total	\$4,149,092	\$2,461,004	\$1,688,088

Note 4 – Deposits and Investments

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

	2023
Demand deposits	\$3,528,362
	2022
Demand deposits	\$2,889,677

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by the financial institution's public entity deposit pool.

Note 5 – Taxes

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. Property tax payments are due to the County and paid semiannually, the first half is due February 14. The second half payment is due the following July 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.

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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. Tax receipts are credited to the Village and amounted to \$1,017,868.87 (gross) in 2023 and \$973,549.34 (gross) in 2022.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2023.

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 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

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Note 8 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OPWC Water Tower Loan	\$0	0%
OPWC Main Street Sewer	\$24,787	0%
OWDA WWTP Upgrade	\$178,650	3.24%
OPWC Young Street Phase I	\$171,557	0%
OPWC Young Street Phase II	\$57,171	0%
2018 Fire Truck	\$264,879	3.94%
OWDA I-75 Utility Extension	\$511,108	3.10%
OPWC South Street Phase I	\$109,381	0%
Total	\$1,317,533	

Water Tower - OPWC - This loan relates to the construction of a new water tower. The original loan amount was \$302,650.00 for 20 years at 0% interest rate. The principal payments are twice a year, once in January and once in July. Each payment amount is \$7,566.25. The loan payments started 1/1/2004 and was fully paid on 7/1/23.

Main Street Sewer - OPWC - This loan relates to a new sewer main that was installed down Main Street during a streetscape project. The original loan amount was \$49,573.26 for 30 years at a 0% interest rate. The principal payments are twice a year, once in January and once in July. Each payment amount is \$826.22. The loan payments started 1/1/2009 and will be fully paid on 7/1/2038.

WWTP Upgrade - OWDA - This loan relates to the renovation and update of the wastewater treatment plant. The original loan amount was \$308,123.78 for 20 years at 3.24% interest rate. The payments are twice a year, once in January and once in July. Each payment amount is \$10,529.13. The loan payments started 7/1/14 and will be fully paid on 1/1/34.

Young Street Reconstruction Phase I - OPWC - This loan relates to Phase I of the Young Street Reconstruction. The original loan amount was \$223,769.75 for 30 years at 0% interest rate. The payments are twice a year and will be fully paid in July 2046. Each payment is \$3,729.50.

Young Street Reconstruction Phase II - OPWC - This loan relates to Phase II of the Young Street Reconstruction. The original loan amount was \$76,228.25 for 20-years at 0% interest rate. The payments are twice a year, beginning January 2019 and will be fully paid in July 2038. Each payment is \$1,905.71.

2018 Fire Truck Lease - Government Leasing & Finance - This loan relates to the purchase of a new fire truck. The original loan amount was \$483,220.00 for 10 years at 3.94% interest rate. The payments are once a year in August. The payment amount is \$59,398.83. Loan payments began 8/15/2019 and will be fully paid on 8/15/2028.

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OWDA I-75 Utility Extension – This loan relates to the extension of water and sewer lines under Interstate-75. The original loan amount was \$684,408.13 for 15 years at 3.1% interest rate. The payments are twice a year in January and July. The payment amount is \$28,700.60. Loan payments began January 2020 and will be fully paid in July 2034. Resolution 19-887 states 50% of this project is assessed to the Anna Truck Stop property, 14262 State Route 119, following the same loan terms for repayment (15 years at 3.1% interest).

South Street Reconstruction Phase I - OPWC - This loan relates to Phase I of the South Street Reconstruction. The original loan amount was \$128,683.00 for 20-years at 0% interest rate. The payments are twice a year, beginning January 2021 and will be fully paid in July 2040. Each payment is \$3,217.08.

Amortization

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

Year ending	<u>Principal (A)</u>	<u>Interest (B)</u>	<u>Total (A+B)</u>
December 31:			
2024	\$124,708	\$32,508	\$157,215
2025	128,420	27,796	156,215
2026	132,264	24,951	157,215
2027	136,246	20,969	157,215
2028	140,370	16,845	157,215
2029-2033	447,720	41,363	489,082
2034-2038	162,414	1,476	163,889
2039-2043	50,163	0	50,163
2044-2046	29,836	0	29,836
Total	<u>\$1,352,141</u>	<u>\$165,907</u>	<u>\$1,518,047</u>