



Mary Taylor, CPA  
Auditor of State



VILLAGE OF CHICKASAW  
MERCER COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Chickasaw  
Mercer County  
P.O. Box 14  
Chickasaw, Ohio 45826

To the Village Council Members:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

April 15, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Chickasaw  
Mercer County  
P.O. Box 14  
Chickasaw, Ohio 45826

To the Village Council Members:

We have audited the accompanying financial statements of the Village of Chickasaw, Mercer County, (the Village), as of and for the years ended December 31, 2007 and 2006. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP requires 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, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Chickasaw, Mercer County, as of December 31, 2007 and 2006, 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 part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2008, 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.



**Mary Taylor, CPA**  
Auditor of State

April 15, 2008



**VILLAGE OF CHICKASAW  
MERCER COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$30,844	\$1,010		\$31,854
Intergovernmental Receipts	38,575	18,228		56,803
Charges for Services	1,801			1,801
Fines, Licenses, and Permits	225			225
Earnings on Investments	1,798	149		1,947
Miscellaneous	1,647			1,647
Total Cash Receipts	<u>74,890</u>	<u>19,387</u>		<u>94,277</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	5,421			5,421
Public Health Services	3,449			3,449
Leisure Time Activities	1,501			1,501
Community Environment	12,675			12,675
Basic Utility Services	11,160			11,160
Transportation	50,023	9,926		59,949
General Government	35,682			35,682
Total Cash Disbursements	<u>119,911</u>	<u>9,926</u>		<u>129,837</u>
Total Receipts Over/(Under) Disbursements	<u>(45,021)</u>	<u>9,461</u>		<u>(35,560)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets	50,000			50,000
Other Financing Uses	(100)			(100)
Total Other Financing Receipts/(Disbursements)	<u>49,900</u>			<u>49,900</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,879	9,461		14,340
Fund Cash Balances, January 1	<u>40,421</u>	<u>17,909</u>	<u>\$17,686</u>	<u>76,016</u>
Fund Cash Balances, December 31	<u>\$45,300</u>	<u>\$27,370</u>	<u>\$17,686</u>	<u>\$90,356</u>
Reserves for Encumbrances, December 31	<u>\$261</u>	<u>\$0</u>	<u>\$0</u>	<u>\$261</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

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

	<u>Proprietary Fund Type Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$162,978
Total Operating Cash Receipts	<u>162,978</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	13,825
Fringe Benefits	2,949
Contractual Services	17,762
Supplies and Materials	903
Repairs and Maintenance	19,639
Other	3,248
Total Operating Cash Disbursements	<u>58,326</u>
Operating Income/(Loss)	<u>104,652</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	1,100
Total Non-Operating Cash Receipts	<u>1,100</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	37,060
Capital Outlay	19,630
Total Non-Operating Cash Disbursements	<u>56,690</u>
Net Receipts Over/(Under) Disbursements	49,062
Fund Cash Balances, January 1	<u>102,362</u>
Fund Cash Balances, December 31	<u><u>\$151,424</u></u>
Reserve for Encumbrances, December 31	<u><u>\$37,310</u></u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CHICKASAW  
MERCER 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$31,635	\$1,500		\$33,135
Intergovernmental Receipts	38,006	18,368	\$1,011	57,385
Charges for Services	1,801			1,801
Earnings on Investments	1,073	90		1,163
Miscellaneous	847			847
Total Cash Receipts	<u>73,362</u>	<u>19,958</u>	<u>1,011</u>	<u>94,331</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	5,294			5,294
Public Health Services	2,142			2,142
Leisure Time Activities	1,238			1,238
Community Environment	3,501			3,501
Basic Utility Services	5,246			5,246
Transportation	26,464	17,492		43,956
General Government	41,075			41,075
Capital Outlay			253,042	253,042
Total Cash Disbursements	<u>84,960</u>	<u>17,492</u>	<u>253,042</u>	<u>355,494</u>
Total Receipts Over/(Under) Disbursements	<u>(11,598)</u>	<u>2,466</u>	<u>(252,031)</u>	<u>(261,163)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Notes			268,917	268,917
Advances-In	24,824			24,824
Sale of Fixed Assets	829			829
Other Financing Uses	(233)		(152)	(385)
Advances-Out			(21,824)	(21,824)
Total Other Financing Receipts/(Disbursements)	<u>25,420</u>		<u>246,941</u>	<u>272,361</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,822	2,466	(5,090)	11,198
Fund Cash Balances, January 1	<u>26,599</u>	<u>15,443</u>	<u>22,776</u>	<u>64,818</u>
Fund Cash Balances, December 31	<u>\$40,421</u>	<u>\$17,909</u>	<u>\$17,686</u>	<u>\$76,016</u>
Reserves for Encumbrances, December 31	<u>\$7,754</u>	<u>\$2</u>	<u>\$0</u>	<u>\$7,756</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Proprietary Fund Type Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$155,396
Total Operating Cash Receipts	155,396
<b>Operating Cash Disbursements:</b>	
Personal Services	8,821
Fringe Benefits	1,579
Contractual Services	42,245
Supplies and Materials	3,402
Repairs and Maintenance	8,414
Other	21,564
Total Operating Cash Disbursements	86,025
Operating Income/(Loss)	69,371
<b>Non-Operating Cash Disbursements:</b>	
Other Financing Uses	1,309
Redemption of Principal	37,060
Capital Outlay	19,392
Total Non-Operating Cash Disbursements	57,761
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	11,610
Advances-Out	(3,000)
Net Receipts Over/(Under) Disbursements	8,610
Fund Cash Balances, January 1	93,752
Fund Cash Balances, December 31	\$102,362
Reserve for Encumbrances, December 31	\$13,826

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Chickasaw, Mercer County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and street construction and repair. The Village contracts with the Mercer County Sheriff's department to provide security of persons and property. The Village contracts with Mercer County Emergency Management Services for ambulance services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's maintains all of its funds in an interest bearing checking account and certificate of deposits.

**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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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 streets.

**Permissive Motor Vehicle License Fund** -This fund receives local levied permissive motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

**Sewer System Construction Fund** - This fund receives money from the Ohio Water Development Authority, the Ohio Public Works Commission, and the Small Cities Community Development Block Grant (CDBG) for the construction of a sewer system within the Village.

**4. 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.

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. 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.

**2. Estimated Resources**

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

**3. 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 2007 and 2006 budgetary activity appears in Note 3.

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**F. Property, Plant, and Equipment**

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

**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 at December 31 was as follows:

	<b>2007</b>	<b>2006</b>
Demand deposits	\$211,427	\$178,378
Certificates of deposit	30,353	
Total deposits	\$241,780	\$178,378

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2007 and 2006 follows:

<b>2007 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$124,632	\$124,890	\$258
Special Revenue	13,236	19,387	6,151
Enterprise	160,107	164,078	3,971
Total	\$297,975	\$308,355	\$10,380

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$156,869	\$120,272	\$36,597
Special Revenue	29,002	9,926	19,076
Enterprise	230,569	152,326	78,243
Total	\$416,440	\$282,524	\$133,916

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$98,538	\$99,015	\$477
Special Revenue	13,236	19,958	6,722
Capital Projects	263,499	269,928	6,429
Enterprise	160,107	155,396	(4,711)
Total	\$535,380	\$544,297	\$8,917

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$105,222	\$92,947	\$12,275
Special Revenue	25,500	17,494	8,006
Capital Projects	276,218	253,194	23,024
Enterprise	228,845	160,612	68,233
Total	\$635,785	\$524,247	\$111,538

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Water Development Authority Loan	\$1,341,794	0.00%
Ohio Public Works Commission	30,625	0.00%
Total	\$1,372,419	

The Ohio Water Development Authority (OWDA) loan relates to a central gravity sewer system with two lift stations and a wastewater treatment plant consisting of three aerated lagoons the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,462,020 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$35,310, over 20 years. The scheduled payment amount below shows that \$1,412,415 was borrowed. The OWDA will adjust the scheduled payment to reflect any revisions in amounts the Village actually borrowed. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a central gravity sewer system with two lift stations and a wastewater treatment plant consisting of three aerated lagoons the Ohio Environmental Protection Agency mandated. The OPWC approved a \$35,000 loan to the Village for this project. The Village will repay the loan in semiannual installments of \$875 over 20 years.



**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. DEBT (Continued)**

Amortization of the above debt to maturity follows:

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OPWC Loan</u>
2008	\$70,621	\$1,750
2009	70,621	1,750
2010	70,621	1,750
2011	70,621	1,750
2012	70,621	1,750
2013-2017	353,105	8,750
2018-2022	353,103	8,750
2023-2026	282,481	4,375
Total	<u>\$1,341,794</u>	<u>\$30,625</u>

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

There were no significant changes in coverage from the prior year.

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# Mary Taylor, CPA

Auditor of State

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

Village of Chickasaw  
Mercer County  
P.O. Box 14  
Chickasaw, Ohio 45826

To the Village Council Members:

We have audited the financial statements of Village of Chickasaw, Mercer County, (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 15, 2008, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

**Internal Control over Financial Reporting  
(Continued)**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above, as finding number 2007-001, is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 15, 2008.

**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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated April 15, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

April 15, 2008

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING 2007-001**

**Material Weakness**

**Classification of Expenditures**

The Village posted all 2007 and 2006 expenditures to the accounting system; however, some amounts were not posted to the proper function or object. In 2006, the Village posted Water Fund payments to contractors for fire hydrant replacements and water loop work of \$22,645 to the Other object code instead of Contractual Services. Also, Water Fund expenditures for supplies and materials were posted to the Other object code instead of Supplies and Materials in both 2006 and 2007 in the amounts of \$8,414 and \$19,639, respectively. We also noted immaterial expenditure posting errors in the governmental funds at the object code level for both 2006 and 2007 that did not require adjustment.

The failure to accurately record expenditures at the function and object level limits the ability of Village Council to make informed decisions regarding operations and results in inaccurate information for users of the Village's financial reports.

The Fiscal Officer should review the Uniform Accounting Network (UAN) Chart of Accounts and record transactions according to the account code descriptions. The proper classification of expenditures would allow the financial statements to better reflect the actual nature of Village expenditures.

**Officials Response:**

We received no response from officials.

**VILLAGE OF CHICKASAW  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	ORC Section 5705.41(D) Certifying the availability of appropriations prior to entering into purchase commitments.	No	Partially Corrected. Re-issued as Management Letter Comment.
2005-002	ORC Section 135.10 amounts on deposit with financial institutions exceeded depository contract amount.	Yes	
2005-003	ORC Section 135.18 uninsured depository balances.	Yes	



Mary Taylor, CPA  
Auditor of State

VILLAGE OF CHICKASAW

MERCER 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  
MAY 8, 2008