



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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 26, 2010

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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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Chickasaw, Mercer County, as of December 31, 2009 and 2008, 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 March 26, 2010, 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

March 26, 2010

**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, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$33,078	\$1,000		\$34,078
Intergovernmental	30,455	17,197	\$300,499	348,151
Charges for Services	1,801			1,801
Fines, Licenses and Permits	505			505
Earnings on Investments	2,011	41		2,052
Miscellaneous	400	1,800		2,200
Total Cash Receipts	<u>68,250</u>	<u>20,038</u>	<u>300,499</u>	<u>388,787</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,577			5,577
Public Health Services	1,982			1,982
Leisure Time Activities	1,240			1,240
Community Environment	616			616
Basic Utility Service	35,696			35,696
Transportation	19,806	31,155	494,967	545,928
General Government	35,211			35,211
Total Cash Disbursements	<u>100,128</u>	<u>31,155</u>	<u>494,967</u>	<u>626,250</u>
Total Receipts Over/(Under) Disbursements	<u>(31,878)</u>	<u>(11,117)</u>	<u>(194,468)</u>	<u>(237,463)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
OPWC Loan			194,468	194,468
Transfers-In	10,057			10,057
Transfers-Out			(17,686)	(17,686)
Other Financing Uses	(526)			(526)
Total Other Financing Receipts / (Disbursements)	<u>9,531</u>		<u>176,782</u>	<u>186,313</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,347)	(11,117)	(17,686)	(51,150)
Fund Cash Balances, January 1	<u>73,158</u>	<u>37,211</u>	<u>17,686</u>	<u>128,055</u>
Fund Cash Balances, December 31	<u>\$50,811</u>	<u>\$26,094</u>	<u>\$0</u>	<u>\$76,905</u>
Reserve for Encumbrances, December 31	<u>\$628</u>	<u>\$7,000</u>	<u>\$0</u>	<u>\$7,628</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, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$176,050
Total Operating Cash Receipts	176,050
Operating Cash Disbursements:	
Personal Services	18,768
Employee Fringe Benefits	2,900
Contractual Services	61,278
Supplies and Materials	12,490
Other	4,226
Total Operating Cash Disbursements	99,662
Operating Income/(Loss)	76,388
Non-Operating Cash Receipts:	
Miscellaneous Receipts	21,488
Non-Operating Cash Disbursements:	
Capital Outlay	360
Redemption of Principal	71,496
Total Non-Operating Cash Disbursements	71,856
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	26,020
Transfers-In	7,629
Net Receipts Over/(Under) Disbursements	33,649
Fund Cash Balances, January 1	124,639
Fund Cash Balances, December 31	\$158,288
Reserve for Encumbrances, December 31	\$7,879

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, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$31,339	\$867		\$32,206
Intergovernmental	38,917	18,108		57,025
Charges for Services	1,801			1,801
Fines, Licenses and Permits	150			150
Earnings on Investments	1,279	127		1,406
Miscellaneous	3,257			3,257
Total Cash Receipts	<u>76,743</u>	<u>19,102</u>		<u>95,845</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,451			5,451
Public Health Services	2,866			2,866
Leisure Time Activities	1,274			1,274
Community Environment	1,052			1,052
Basic Utility Service	2,446			2,446
Transportation	633	9,261		9,894
General Government	35,103			35,103
Total Cash Disbursements	<u>48,825</u>	<u>9,261</u>		<u>58,086</u>
Total Receipts Over/(Under) Disbursements	<u>27,918</u>	<u>9,841</u>		<u>37,759</u>
Other Financing Receipts / (Disbursements):				
Other Financing Uses	<u>(60)</u>			<u>(60)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	27,858	9,841		37,699
Fund Cash Balances, January 1	<u>45,300</u>	<u>27,370</u>	<u>\$17,686</u>	<u>90,356</u>
Fund Cash Balances, December 31	<u>\$73,158</u>	<u>\$37,211</u>	<u>\$17,686</u>	<u>\$128,055</u>
Reserve for Encumbrances, December 31	<u>\$14,925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,925</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, 2008**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$151,596
Total Operating Cash Receipts	151,596
Operating Cash Disbursements:	
Personal Services	17,025
Employee Fringe Benefits	2,669
Contractual Services	32,888
Supplies and Materials	10,311
Other	3,340
Total Operating Cash Disbursements	66,233
Operating Income/(Loss)	85,363
Non-Operating Cash Disbursements:	
Capital Outlay	39,757
Redemption of Principal	72,371
Other Non-Operating Cash Disbursements	20
Total Non-Operating Cash Disbursements	112,148
Net Receipts Over/(Under) Disbursements	(26,785)
Fund Cash Balances, January 1	151,424
Fund Cash Balances, December 31	\$124,639
Reserve for Encumbrances, December 31	\$8,000

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

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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 directs 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. The Village 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Village maintains all of its funds in an interest bearing checking account and certificates of deposit.

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 for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

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

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Construction/ Street Reconstruction Fund – This fund receives proceeds from the Ohio Public Works Commission grants and loans and the Small Cities Community Development Block Grant (CDBG). The proceeds are being used for various street reconstructions.

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. 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.

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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.

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments 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:

	2009	2008
Demand deposits	\$188,371	\$207,465
Certificates of deposit	46,822	45,229
Total deposits	\$235,193	\$252,694

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 years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 70,067	\$ 78,307	\$8,240
Special Revenue	14,420	20,038	5,618
Capital Projects	525,499	494,967	(30,532)
Enterprise	180,969	205,167	24,198
Total	\$790,955	\$798,479	\$7,524

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,000	\$101,282	\$ 13,718
Special Revenue	47,100	38,155	8,945
Capital Projects	533,128	512,653	20,475
Enterprise	267,475	179,397	88,078
Total	\$962,703	\$831,487	\$131,216

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 82,040	\$ 76,743	(\$5,297)
Special Revenue	14,272	19,102	4,830
Enterprise	156,281	151,596	(4,685)
Total	\$252,593	\$247,441	(\$5,152)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,735	\$ 63,810	\$ 60,925
Special Revenue	38,000	9,261	28,739
Enterprise	289,578	186,381	103,197
Total	\$452,313	\$259,452	\$192,861

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,200,553	0%
Ohio Public Works Commission Loan 2005	28,000	0%
Ohio Public Works Commission Loan 2009	194,468	0%
Total	\$1,423,021	

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) 2005 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.

The Ohio Public Works Commission (OPWC) 2009 loan relates to various street reconstructions. The OPWC approved a loan not to exceed \$225,000. As of December 31, 2009, the Village has borrowed \$194,468 and will repay the loan in semi-annual payments over 30 years. Repayment of the loan will commence when the project is complete. An amortization schedule for this OPWC loan is not available until the project is completed and the final amount of the loan is set.

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

Year ending December 31:	OWDA Loan	OPWC Loan 2005
2010	\$ 70,621	\$ 1,750
2011	70,621	1,750
2012	70,621	1,750
2013	70,621	1,750
2014	70,621	1,750
2015-2019	353,104	8,750
2020-2024	353,104	8,750
2025-2026	141,240	1,750
Total	\$1,200,553	\$28,000

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

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 the Village of Chickasaw, Mercer County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 26, 2010, 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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect, and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected. We consider Finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 26, 2010.

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

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

Mary Taylor, CPA
Auditor of State

March 26, 2010

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Classification of Expenditures

The Village posted all 2009 and 2008 expenditures to the accounting system; however, some amounts were not posted to the proper object. During 2009, the Village posted Water Fund expenditures for supplies and materials, and contract services to the "Other" object code in the amounts of 3,200 and \$9,890 respectively. During 2008, the Village posted Water Fund expenditures for supplies and materials to the "Other" object code in the amount of \$6,067. We also noted that \$28,650 for the sewer lagoon project was posted as other operating expense rather than Capital Outlay. The financial statements reflect the aforementioned adjustments.

The failure to record expenditures at the correct object level results in inaccurate information and could limit the ability of Village Council to make informed decisions regarding operations.

The Uniform Accounting Network (UAN) Chart of Accounts should be reviewed and transactions recorded according to the account code descriptions. The proper classification of expenditures would allow the financial statements to reflect the actual nature of Village expenditures.

Officials Response:

Officials did not respond to this finding.

VILLAGE OF CHICKASAW
MERCER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Classification of expenditures	No	Repeated as Finding 2009-001



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 11, 2010**