



Certified Public Accountants, A.C.

**VILLAGE OF CHICKASAW
MERCER COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

Village Council
Village of Chickasaw
38 West Wayne Street
Chickasaw, OH 45826

We have reviewed the *Independent Auditor's Report* of the Village of Chickasaw, Mercer County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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.

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 Chickasaw is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 14, 2018

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VILLAGE OF CHICKASAW
MERCER COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 25, 2018

Village of Chickasaw
Mercer County
38 West Wayne Street
Chickasaw, OH 45826

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Village of Chickasaw**, Mercer County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Chickasaw, Mercer County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction, Maintenance and Repair, State Highway, Permissive Motor Vehicle License Tax and Water Tower Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2016, the Village has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Introduction

This section of the Village of Chickasaw annual financial report presents Management's Discussion and Analysis of the Village's financial performance during the year ended December 31, 2017. The Management's Discussion and Analysis section should be read in conjunction with the Village's financial statement.

Financial Highlights

During fiscal year 2017, net position of the Village's primary government decreased by \$103,734 and ended year 2017 with a balance of \$610,169. The decrease was due to various street works and the construction of the wastewater treatment plant building.

Fund Financial Report

Ending dollar amounts for the Village funds consisted of the General Fund: \$96,996, Street Construction Maintenance and Repair Fund: \$11,437, State Highway Fund: \$6,150, Permissive Motor Vehicle License Tax Fund: \$5,571, Water Tower Fund: \$5,000, Water Operating Fund: \$151,415, and the Sewer Operating Fund: \$333,600, which includes \$210,421 in certificates of deposit.

Capital Assets

The carrying amount of capital assets for the Village consisting of property, Village equipment, buildings and equipment, etc. was \$1,577,958.

Long-Term Debt: Notes Payable

Total long-term debt for year 2017 was decreased by \$75,061, leaving a balance of \$1,250,599.

Overview of the Financial Statements

This annual report consists of the components: Management's Discussion and Analysis, basic financial statements, including the accompanying notes to the financial statements.

Village of Chickasaw, Ohio
Mercer County
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 125,154	\$ 485,015	\$ 610,169
<i>Total Assets</i>	<u>\$ 125,154</u>	<u>\$ 485,015</u>	<u>\$ 610,169</u>
Net Position			
Restricted for:			
Capital Projects	\$ 5,000	\$ -	\$ 5,000
Other Purposes	23,158	-	23,158
Unrestricted	<u>96,996</u>	<u>485,015</u>	<u>582,011</u>
<i>Total Net Position</i>	<u>\$ 125,154</u>	<u>\$ 485,015</u>	<u>\$ 610,169</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
Security of Persons and Property	\$ 6,692	\$ -	\$ -	\$ (6,692)	\$ -	\$ (6,692)
Public Health Services	2,626	-	-	(2,626)	-	(2,626)
Leisure Time Activities	616	-	-	(616)	-	(616)
Community Environment	269	150	-	(119)	-	(119)
Basic Utility Services	17,607	1,500	-	(16,107)	-	(16,107)
Transportation	45,091	5,322	17,424	(22,345)	-	(22,345)
General Government	31,997	1,452	5,461	(25,084)	-	(25,084)
Capital Outlay	36,241	-	-	(36,241)	-	(36,241)
Debt Service:						
Principal Retirement	6,612	-	-	(6,612)	-	(6,612)
<i>Total Governmental Activities</i>	<u>147,751</u>	<u>8,424</u>	<u>22,885</u>	<u>(116,442)</u>	<u>-</u>	<u>(116,442)</u>
Business-Type Activities						
Water Operating	50,739	81,681	-	-	30,942	30,942
Sewer Operating	260,779	140,286	-	-	(120,493)	(120,493)
<i>Total Business-Type Activities</i>	<u>311,518</u>	<u>221,967</u>	<u>-</u>	<u>-</u>	<u>(89,551)</u>	<u>(89,551)</u>
<i>Total Primary Government</i>	<u>459,269</u>	<u>230,391</u>	<u>22,885</u>	<u>(116,442)</u>	<u>(89,551)</u>	<u>(205,993)</u>
			General Receipts:			
			Property Taxes	35,830	-	35,830
			Grants and Entitlements not Restricted to Specific Programs	22,303	-	22,303
			Loans Issued	40,563	-	40,563
			Earnings on Investments	1,714	1,849	3,563
			<i>Total General Receipts</i>	<u>100,410</u>	<u>1,849</u>	<u>102,259</u>
			Change in Net Position	(16,032)	(87,702)	(103,734)
			<i>Net Position Beginning of Year</i>	<u>141,186</u>	<u>572,717</u>	<u>713,903</u>
			<i>Net Position End of Year</i>	<u>\$ 125,154</u>	<u>\$ 485,015</u>	<u>\$ 610,169</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
 December 31, 2017

	General	Street Construction, Maintenance and Repair	State Highway	Permissive Motor Vehicle License Tax	Water Tower Fund	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 96,996	\$ 11,437	\$ 6,150	\$ 5,571	\$ 5,000	\$ 125,154
<i>Total Assets</i>	<u>96,996</u>	<u>11,437</u>	<u>6,150</u>	<u>5,571</u>	<u>5,000</u>	<u>125,154</u>
Fund Balances						
Restricted	-	11,437	6,150	5,571	5,000	28,158
Assigned	79,205	-	-	-	-	79,205
Unassigned	17,791	-	-	-	-	17,791
<i>Total Fund Balances</i>	<u>\$ 96,996</u>	<u>\$ 11,437</u>	<u>\$ 6,150</u>	<u>\$ 5,571</u>	<u>\$ 5,000</u>	<u>\$ 125,154</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercery County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Street Construction, Maintenance and Repair	State Highway	Permissive Motor Vehicle License Tax	Water Tower Project	Total Governmental Funds
Receipts						
Property Taxes	\$ 35,830	\$ -	\$ -	\$ -	\$ -	\$ 35,830
Other Local Taxes	-	-	-	5,321	-	5,321
Intergovernmental	27,764	16,117	1,307	-	-	45,188
Charges for Services	1,500	-	-	-	-	1,500
Fines, Licenses and Permits	150	-	-	-	-	150
Earnings on Investments	1,449	2	1	1	-	1,453
Miscellaneous	1,605	109	-	-	-	1,714
Total Receipts	68,298	16,228	1,308	5,322	-	91,156
Disbursements						
Current:						
Security of Persons and Property	5,741	-	951	-	-	6,692
Public Health Services	2,626	-	-	-	-	2,626
Leisure Time Activities	616	-	-	-	-	616
Community Environment	269	-	-	-	-	269
Basic Utility Services	17,607	-	-	-	-	17,607
Transportation	10,488	18,823	3,981	11,799	-	45,091
General Government	31,997	-	-	-	-	31,997
Capital Outlay	678	-	-	-	35,563	36,241
Debt Service:						
Principal Retirement	-	6,612	-	-	-	6,612
Total Disbursements	70,022	25,435	4,932	11,799	35,563	147,751
Excess of Receipts Over (Under) Disbursements	(1,724)	(9,207)	(3,624)	(6,477)	(35,563)	(56,595)
Other Financing Sources (Uses)						
Loans Issued	-	-	-	-	40,563	40,563
Total Other Financing Sources (Uses)	-	-	-	-	40,563	40,563
Net Change in Fund Balances	(1,724)	(9,207)	(3,624)	(6,477)	5,000	(16,032)
Fund Balances Beginning of Year	98,720	20,644	9,774	12,048	-	141,186
Fund Balances End of Year	\$ 96,996	\$ 11,437	\$ 6,150	\$ 5,571	\$ 5,000	\$ 125,154

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$ 39,477	\$ 39,477	\$ 35,830	\$ (3,647)
Intergovernmental	21,944	21,944	27,764	5,820
Charges for Services	1,570	1,570	1,500	(70)
Fines, Licenses and Permits	-	-	150	150
Earnings on Investments	1,400	1,400	1,449	49
Miscellaneous	400	400	1,605	1,205
<i>Total Receipts</i>	<u>64,791</u>	<u>64,791</u>	<u>68,298</u>	<u>3,507</u>
Disbursements				
Current:				
Security of Persons and Property	8,200	8,200	5,741	2,459
Public Health Services	3,500	3,541	2,626	915
Leisure Time Activities	1,250	1,250	616	634
Community Environment	400	400	269	131
Basic Utility Services	27,700	27,820	17,607	10,213
Transportation	9,000	13,000	10,488	2,512
General Government	38,810	39,210	32,457	6,753
Capital Outlay	1,000	1,000	678	322
<i>Total Disbursements</i>	<u>89,860</u>	<u>94,421</u>	<u>70,482</u>	<u>23,939</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,069)</u>	<u>(29,630)</u>	<u>(2,184)</u>	<u>27,446</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,500	1,500	-	(1,500)
Other Financing Uses	(49,461)	(44,900)	-	44,900
<i>Total Other Financing Sources (Uses)</i>	<u>(47,961)</u>	<u>(43,400)</u>	<u>-</u>	<u>43,400</u>
<i>Net Change in Fund Balance</i>	<u>(73,030)</u>	<u>(73,030)</u>	<u>(2,184)</u>	<u>70,846</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	98,720	98,720	98,720	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 25,690</u>	<u>\$ 25,690</u>	<u>\$ 96,536</u>	<u>\$ 70,846</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 16,117	\$ 117
Earnings on Investments	2	2	2	-
Miscellaneous	-	-	109	109
<i>Total Receipts</i>	16,002	16,002	16,228	226
Disbursements				
Current:				
Transportation	30,034	30,034	18,823	11,211
Debt Service:				
Principal Retirement	6,612	6,612	6,612	-
<i>Total Disbursements</i>	36,646	36,646	25,435	11,211
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,644)	(20,644)	(9,207)	11,437
<i>Net Change in Fund Balance</i>	(20,644)	(20,644)	(9,207)	11,437
<i>Unencumbered Fund Balance Beginning of Year</i>	20,644	20,644	20,644	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	\$ -	\$ -	\$ 11,437	\$ 11,437

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 4,389	\$ 4,389	\$ 1,307	\$ (3,082)
Earnings on Investments	1	1	1	-
<i>Total Receipts</i>	<u>4,390</u>	<u>4,390</u>	<u>1,308</u>	<u>(3,082)</u>
Disbursements				
Current:				
Security of Persons and Property	14,163	10,182	951	9,231
Transportation	-	3,981	3,981	-
<i>Total Disbursements</i>	<u>14,163</u>	<u>14,163</u>	<u>4,932</u>	<u>9,231</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,773)</u>	<u>(9,773)</u>	<u>(3,624)</u>	<u>6,149</u>
<i>Net Change in Fund Balance</i>	(9,773)	(9,773)	(3,624)	6,149
<i>Unencumbered Fund Balance Beginning of Year</i>	9,774	9,774	9,774	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 6,150</u>	<u>\$ 6,149</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
 Permissive Motor Vehicle License Tax
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Other Local Taxes	\$ 3,960	\$ 3,960	\$ 5,321	\$ 1,361
Earnings on Investments	-	-	1	1
<i>Total Receipts</i>	<u>3,960</u>	<u>3,960</u>	<u>5,322</u>	<u>1,362</u>
Disbursements				
Current:				
Transportation	<u>16,008</u>	<u>16,008</u>	<u>11,799</u>	<u>4,209</u>
<i>Total Disbursements</i>	<u>16,008</u>	<u>16,008</u>	<u>11,799</u>	<u>4,209</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,048)</u>	<u>(12,048)</u>	<u>(6,477)</u>	<u>5,571</u>
<i>Net Change in Fund Balance</i>	(12,048)	(12,048)	(6,477)	5,571
<i>Unencumbered Fund Balance Beginning of Year</i>	12,048	12,048	12,048	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,571</u>	<u>\$ 5,571</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2017

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Total Enterprise Funds</u>
Assets			
Equity in Pooled Cash and	\$ 151,415	\$ 333,600	\$ 485,015
<i>Total Assets</i>	<u>151,415</u>	<u>333,600</u>	<u>485,015</u>
Net Position			
Unrestricted	151,415	333,600	485,015
<i>Total Net Position</i>	<u>\$ 151,415</u>	<u>\$ 333,600</u>	<u>\$ 485,015</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2017

	Water Operating	Sewer Operating	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 81,681	\$ 140,286	\$ 221,967
<i>Total Operating Receipts</i>	<u>81,681</u>	<u>140,286</u>	<u>221,967</u>
Operating Disbursements			
Personal Services	19,664	20,946	40,610
Employee Fringe Benefits	2,545	3,312	5,857
Contractual Services	9,312	73,813	83,125
Supplies and Materials	140	21,543	21,683
Other	12,618	11,166	23,784
<i>Total Operating Disbursements</i>	<u>44,279</u>	<u>130,780</u>	<u>175,059</u>
<i>Operating Income</i>	<u>37,402</u>	<u>9,506</u>	<u>46,908</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	989	860	1,849
Capital Outlay	(1,442)	(25,954)	(27,396)
Principal Retirement	(5,018)	(103,994)	(109,012)
Other Financing Uses	-	(51)	(51)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(5,471)</u>	<u>(129,139)</u>	<u>(134,610)</u>
<i>Change in Net Position</i>	31,931	(119,633)	(87,702)
<i>Net Position Beginning of Year</i>	<u>119,484</u>	<u>453,233</u>	<u>572,717</u>
<i>Net Position End of Year</i>	<u>\$ 151,415</u>	<u>\$ 333,600</u>	<u>\$ 485,015</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Village of Chickasaw (the Village), Mercer 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Chickasaw provides the following services to its citizens: police (thru contract with the Mercer County Sheriff's department), fire protection (thru the Chickasaw Fire Department), parks and recreation, building inspection, street maintenance and repairs, water and sewer. The Village contracts with Mercer County Emergency Management Services for ambulance services. Council has direct responsibility for these services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for 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

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

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 in three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General 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.

Street Construction Maintenance and Repair 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 maintenance and repair of streets within the Village.

State Highway The state highway fund accounts for and reports the State share of gasoline tax and motor vehicle license tax revenue and all disbursements restricted to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment, and maintenance.

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund accounts for and reports intergovernmental motor vehicle revenues restricted for roads and repairs and upkeep.

Water Tower Fund The Water Tower Fund accounts for and reports revenues received for the water tower.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2017, the Village invested in nonnegotiable certificates of deposit. Investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes. Interest receipts credited to the General Fund during 2017 was \$1,449.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for use by revenue source.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Street Construction, Maintenance and Repair Fund, State Highway Fund, and the Permissive Motor Vehicle License Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Street Construction Maintenance and Repair	State Highway	Permissive Motor Vehicle License Tax
Cash Basis	\$ (1,724)	\$ (9,207)	\$ (3,624)	\$ (6,477)
Encumbrances	(460)	-	-	-
Budget Basis	\$ (2,184)	\$ (9,207)	\$ (3,624)	\$ (6,477)

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$0 in undeposited cash on hand.

Deposits

The Village's financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

The fair value of investments is not materially different than measurement value.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real located in the Village. Property tax revenue received during 2017 for real taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018 operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$2.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$ 7,756,230
Total	\$ 7,756,230

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Village contracted with several companies for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Public Entities Pool of Ohio		
Blanket Property and Contents, Replacement	\$2,303,994	\$500
Automobile Liability	64,000	500

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 – Defined Benefit Pension Plans (Continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$7,427 for year 2017.

Social Security

Several Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2017, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$534, \$805, and \$786, respectively. The full amount has been contributed for all three years.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Long-Term Obligations

The changes in the Village's long-term debt during 2017 were as follows:

	Amount Outstanding 12/31/16	Additions	Deletions	Amount Outstanding 12/31/17	Amounts Due in One Year
Governmental Activities					
OPWC Loan 2009 0%	\$ 158,695	\$ -	\$ 6,612	\$ 152,083	\$ 6,612
Original Issue (\$198,368)					
Total Governmental Activities	<u>\$ 158,695</u>	<u>\$ -</u>	<u>\$ 6,612</u>	<u>\$ 152,083</u>	<u>\$ 6,612</u>
Business Type Activities					
OWDA Sewer Loan 4605 0%	\$ 706,207	\$ -	\$ 70,620	\$ 635,587	\$ 70,621
Original Issue (\$1,412,415)					
OWDA Lagoon Expansion Loan 5913 0%	439,242	-	31,624	407,618	31,624
Original Issue (\$632,482)					
OPWC Loan 2005 0%	15,750	-	1,750	14,000	1,750
Original Issue (\$35,000)					
OWDA Water Design Loan 7303 0%	5,766	40,563	5,018	41,311	10,035
Original Issue (\$46,329)					
Total Business Type Activities	<u>\$ 1,166,965</u>	<u>\$ 40,563</u>	<u>\$ 109,012</u>	<u>\$ 1,098,516</u>	<u>\$ 114,030</u>

The OWDA New Collection system and Treatment Lagoon sewer loan relates to a central gravity sewer system with two lift stations and a wastewater treatment plant consisting of three aerated lagoons the Ohio EPA mandated. The OWDA approved up to \$1,426,020 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$35,310 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirement.

The OWDA Lagoon Expansion Loan relates to the sewer system being expanded into the Maria Stein area. The OWDA approved up to \$632,482 in loans to the Village for the project and will repay the loan in semiannual payments over 20 years. Repayment of the loan will commence when the project is complete.

The OWDA Design of Water Treatment Facilities relates to the new water tower project. The OWDA approved up to \$200,700.00 in loans to the Village for the project and will repay the loan in semiannual payments over 5 years.

The 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 EPA 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 OPWC 2009 loan relates to various street reconstructions. The OPWC approved a \$198,368 in loans to the Village for the project and will repay the loan in semiannual payments of \$3,306 over 30 years.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (Continued)

Principal requirements to retire loans outstanding at December 31, 2017, were as follows:

Year	OPWC	OWDA	OWDA	OPWC	OWDA
	Loan 2009	Loan 4605	Loan 5913	Loan 2005	Loan 7303
	Principal	Principal	Principal	Principal	Principal
2018	\$ 6,612	\$ 70,621	\$ 31,624	\$ 1,750	\$ 10,035
2019	6,612	70,621	31,624	1,750	10,035
2020	6,612	70,621	31,624	1,750	10,035
2021	6,612	70,621	31,624	1,750	10,035
2022	6,612	70,621	31,624	1,750	1,171
2023-2027	33,060	282,482	158,120	5,250	-
2028-2032	33,060	-	91,378	-	-
2033-2037	33,060	-	-	-	-
2038-2042	19,843	-	-	-	-
Total	<u>\$ 152,083</u>	<u>\$ 635,587</u>	<u>\$ 407,618</u>	<u>\$ 14,000</u>	<u>\$ 41,311</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2017, were an overall debt margin of \$426,593 and an unvoted debt margin of \$814,404.

Note 10 – Contingent Liabilities

Litigation

The Village is not part to any legal proceedings.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Public Entity Risk Pool

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 – Public Entity Risk Pool (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village’s share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u>
\$9,034

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction, Maintenance and Repair	State Highway	Permissive Motor Vehicle License	Water Tower Fund	Total
Restricted for						
Permissive Motor Vehicle License Tax	\$ -	\$ -	\$ -	\$ 5,571	\$ -	\$ 5,571
State Highway	-	-	6,150	-	-	6,150
Street Construction, Maintenance and Repair	-	11,437	-	-	-	11,437
Water Tower Project Fund	-	-	-	-	5,000	5,000
<i>Total Restricted</i>	<u>-</u>	<u>11,437</u>	<u>6,150</u>	<u>5,571</u>	<u>5,000</u>	<u>28,158</u>
Assigned to						
Subsequent Appropriations	78,745	-	-	-	-	78,745
Encumbrances	460	-	-	-	-	460
<i>Total Assigned</i>	<u>79,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,205</u>
Unassigned (Deficits)						
	17,791	-	-	-	-	17,791
<i>Total Fund Balances</i>	<u>\$ 96,996</u>	<u>\$ 11,437</u>	<u>\$ 6,150</u>	<u>\$ 5,571</u>	<u>\$ 5,000</u>	<u>\$ 125,154</u>

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)**

Introduction

This section of the Village of Chickasaw annual financial report presents Management's Discussion and Analysis of the Village's financial performance during the year ended December 31, 2016. The Management's Discussion and Analysis section should be read in conjunction with the Village's financial statement.

Financial Highlights

During fiscal year 2016, net position of the Village's primary government decreased by \$115,032 and ended year 2016 with a balance of \$713,903. The decrease was due to various street works and the construction of the wastewater treatment plant building.

Fund Financial Report

Ending dollar amounts for the Village funds consisted of the General Fund: \$98,720, Street Construction Maintenance and Repair Fund: \$20,644, State Highway Fund: \$9,774, Permissive Motor Vehicle License Tax Fund: \$12,048, Water Operating Fund: \$119,484, and the Sewer Operating Fund: \$453,233 which includes \$389,054 in certificates of deposit.

Capital Assets

The carrying amount of capital assets for the Village consisting of property, Village equipment, buildings and equipment, etc. was \$1,331,960 (does not include the wastewater treatment building under construction).

Long-Term Debt: Notes Payable

Total long-term debt for year 2016 was decreased by \$104,841, leaving a balance of \$1,325,660.

Overview of the Financial Statements

This annual report consists of the components: Management's Discussion and Analysis, basic financial statements, including the accompanying notes to the financial statements.

Village of Chickasaw, Ohio
Mercer County
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 141,186	\$ 572,717	\$ 713,903
<i>Total Assets</i>	<u>141,186</u>	<u>572,717</u>	<u>713,903</u>
Net Position			
Restricted for:			
Other Purposes	42,466	-	42,466
Unrestricted	<u>98,720</u>	<u>572,717</u>	<u>671,437</u>
<i>Total Net Position</i>	<u>\$ 141,186</u>	<u>\$ 572,717</u>	<u>\$ 713,903</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
Security of Persons and Property	\$ 7,764	\$ 1	\$ -	\$ (7,763)	\$ -	\$ (7,763)
Public Health Services	2,581	-	-	(2,581)	-	(2,581)
Leisure Time Activities	787	-	-	(787)	-	(787)
Community Environment	209	-	-	(209)	-	(209)
Basic Utility Services	3,884	1,894	-	(1,990)	-	(1,990)
Transportation	13,827	7,896	16,841	10,910	-	10,910
General Government	29,189	1,328	5,466	(22,395)	-	(22,395)
Capital Outlay	5,766	-	-	(5,766)	-	(5,766)
Debt Service:						
Principal Retirement	6,612	-	-	(6,612)	-	(6,612)
Total Governmental Activities	70,619	11,119	22,307	(37,193)	-	(37,193)
Business-Type Activities						
Water Operating	39,729	81,468	-	-	41,739	41,739
Sewer Operating	329,855	146,618	-	-	(183,237)	(183,237)
Total Business-Type Activities	369,584	228,086	-	-	(141,498)	(141,498)
Total Primary Government	\$ 440,203	\$ 239,205	\$ 22,307	\$ (37,193)	\$ (141,498)	\$ (178,691)
			General Receipts:			
			Property Taxes	35,004	-	35,004
			Grants and Entitlements not Restricted to Specific Programs	22,005	-	22,005
			Loans Issued	5,766	-	5,766
			Sale of Capital Assets	668	-	668
			Earnings on Investments	206	10	216
			Total General Receipts	63,649	10	63,659
			Change in Net Position	26,456	(141,488)	(115,032)
			Net Position Beginning of Year	114,730	714,205	828,935
			Net Position End of Year	\$ 141,186	\$ 572,717	\$ 713,903

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>State Highway</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 98,720	\$ 20,644	\$ 9,774	\$ 12,048	\$ 141,186
<i>Total Assets</i>	<u>\$ 98,720</u>	<u>\$ 20,644</u>	<u>\$ 9,774</u>	<u>\$ 12,048</u>	<u>\$ 141,186</u>
Fund Balances					
Restricted	-	20,644	9,774	12,048	42,466
Assigned	73,389	-	-	-	73,389
Unassigned	25,331	-	-	-	25,331
<i>Total Fund Balances</i>	<u>\$ 98,720</u>	<u>\$ 20,644</u>	<u>\$ 9,774</u>	<u>\$ 12,048</u>	<u>\$ 141,186</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercery County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Street Construction, Maintenance and Repair	State Highway	Permissive Motor Vehicle License Tax	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$ 35,004	\$ -	\$ -	\$ -	\$ -	\$ 35,004
Other Local Taxes	-	-	-	4,895	-	4,895
Intergovernmental	27,471	15,578	1,263	-	-	44,312
Special Assessments	-	-	-	-	-	-
Charges for Services	1,895	-	-	-	-	1,895
Earnings on Investments	1,325	2	1	1	-	1,329
Miscellaneous	206	-	3,000	-	-	3,206
Total Receipts	65,901	15,580	4,264	4,896	-	90,641
Disbursements						
Current:						-
Security of Persons and Property	6,386	-	1,378	-	-	7,764
Public Health Services	2,581	-	-	-	-	2,581
Leisure Time Activities	787	-	-	-	-	787
Community Environment	209	-	-	-	-	209
Basic Utility Services	3,884	-	-	-	-	3,884
Transportation	-	12,032	1,295	500	-	13,827
General Government	29,189	-	-	-	-	29,189
Capital Outlay	-	-	-	-	5,766	5,766
Debt Service:						
Principal Retirement	-	6,612	-	-	-	6,612
Total Disbursements	43,036	18,644	2,673	500	5,766	70,619
Excess of Receipts Over (Under) Disbursements	22,865	(3,064)	1,591	4,396	(5,766)	20,022
Other Financing Sources (Uses)						
Sale of Notes	-	-	-	-	5,766	5,766
Sale of Capital Assets	668	-	-	-	-	668
Total Other Financing Sources (Uses)	668	-	-	-	5,766	6,434
Net Change in Fund Balances	23,533	(3,064)	1,591	4,396	-	26,456
Fund Balances Beginning of Year	75,187	23,708	8,183	7,652	-	114,730
Fund Balances End of Year	\$ 98,720	\$ 20,644	\$ 9,774	\$ 12,048	\$ -	\$ 141,186

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$ 33,380	\$ 33,380	\$ 35,004	\$ 1,624
Intergovernmental	21,379	21,379	27,471	6,092
Charges for Services	1,501	1,501	1,895	394
Fines, Licenses and Permits	200	200	-	(200)
Earnings on Investments	1,354	1,354	1,325	(29)
Miscellaneous	25	25	206	181
<i>Total Receipts</i>	<u>57,839</u>	<u>57,839</u>	<u>65,901</u>	<u>8,062</u>
Disbursements				
Current:				
Security of Persons and Property	8,450	8,450	6,386	2,064
Public Health Services	4,000	4,000	2,581	1,419
Leisure Time Activities	1,500	1,500	787	713
Community Environment	450	479	209	270
Basic Utility Services	27,700	27,900	3,884	24,016
Transportation	9,000	9,000	-	9,000
General Government	42,313	42,711	29,189	13,522
Capital Outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>94,413</u>	<u>95,040</u>	<u>43,036</u>	<u>52,004</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,574)</u>	<u>(37,201)</u>	<u>22,865</u>	<u>60,066</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	668	668
Other Financing Uses	(38,613)	(37,932)	-	37,932
<i>Total Other Financing Sources (Uses)</i>	<u>(38,613)</u>	<u>(37,932)</u>	<u>668</u>	<u>38,600</u>
<i>Net Change in Fund Balance</i>	<u>(75,187)</u>	<u>(75,133)</u>	<u>23,533</u>	<u>98,666</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	74,913	74,913	74,913	-
Prior Year Encumbrances Appropriated	274	274	274	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 98,720</u>	<u>\$ 98,666</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 13,643	\$ 13,643	\$ 15,578	\$ 1,935
Earnings on Investments	-	-	2	2
<i>Total Receipts</i>	<u>13,643</u>	<u>13,643</u>	<u>15,580</u>	<u>1,937</u>
Disbursements				
Current:				
Transportation	30,351	30,351	12,032	18,319
Debt Service:				
Principal Retirement	7,000	7,000	6,612	388
<i>Total Disbursements</i>	<u>37,351</u>	<u>37,351</u>	<u>18,644</u>	<u>18,707</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,708)</u>	<u>(23,708)</u>	<u>(3,064)</u>	<u>20,644</u>
<i>Net Change in Fund Balance</i>	(23,708)	(23,708)	(3,064)	20,644
<i>Unencumbered Fund Balance Beginning of Year</i>	23,708	23,708	23,708	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,644</u>	<u>\$ 20,644</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 1,106	\$ 1,106	\$ 1,263	\$ 157
Earnings on Investments	-	-	1	1
Miscellaneous			3,000	3,000
<i>Total Receipts</i>	<u>1,106</u>	<u>1,106</u>	<u>4,264</u>	<u>3,158</u>
Disbursements				
Current:				
Security of Persons and Property	-	3,000	1,378	1,622
Transportation	6,200	3,200	1,295	1,905
<i>Total Disbursements</i>	<u>6,200</u>	<u>6,200</u>	<u>2,673</u>	<u>3,527</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,094)</u>	<u>(5,094)</u>	<u>1,591</u>	<u>6,685</u>
<i>Net Change in Fund Balance</i>	(5,094)	(5,094)	1,591	6,685
<i>Unencumbered Fund Balance Beginning of Year</i>	8,183	8,183	8,183	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 3,089</u>	<u>\$ 3,089</u>	<u>\$ 9,774</u>	<u>\$ 6,685</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
 Permissive Motor Vehicle License Tax
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Other Local Taxes	\$ 807	\$ 807	\$ 4,895	\$ 4,088
Earnings on Investments	-	-	1	1
<i>Total Receipts</i>	807	807	4,896	4,089
Disbursements				
Current:				
Transportation	5,500	5,500	500	5,000
<i>Total Disbursements</i>	5,500	5,500	500	5,000
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,693)	(4,693)	4,396	9,089
<i>Net Change in Fund Balance</i>	(4,693)	(4,693)	4,396	9,089
<i>Unencumbered Fund Balance Beginning of Year</i>	7,652	7,652	7,652	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	\$ 2,959	\$ 2,959	\$ 12,048	\$ 9,089

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2016

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Total Enterprise Funds</u>
Assets			
Equity in Pooled Cash and	\$ 119,484	\$ 453,233	\$ 572,717
<i>Total Assets</i>	<u>\$ 119,484</u>	<u>\$ 453,233</u>	<u>\$ 572,717</u>
Net Position			
Restricted for:			
Unrestricted	\$ 119,484	\$ 453,233	\$ 572,717
<i>Total Net Position</i>	<u>\$ 119,484</u>	<u>\$ 453,233</u>	<u>\$ 572,717</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2016

	Water Operating	Sewer Operating	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 81,468	\$ 146,618	\$ 228,086
<i>Total Operating Receipts</i>	<u>81,468</u>	<u>146,618</u>	<u>228,086</u>
Operating Disbursements			
Personal Services	14,439	15,275	29,714
Employee Fringe Benefits	2,332	2,516	4,848
Contractual Services	11,601	196,625	208,226
Supplies and Materials	195	3,850	4,045
Other	11,162	1,453	12,615
<i>Total Operating Disbursements</i>	<u>39,729</u>	<u>219,719</u>	<u>259,448</u>
<i>Operating Income (Loss)</i>	<u>41,739</u>	<u>(73,101)</u>	<u>(31,362)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	5	5	10
Capital Outlay	-	(6,142)	(6,142)
Principal Retirement	-	(103,994)	(103,994)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>5</u>	<u>(110,131)</u>	<u>(110,126)</u>
<i>Change in Net Position</i>	41,744	(183,232)	(141,488)
<i>Net Position Beginning of Year</i>	<u>77,740</u>	<u>636,465</u>	<u>714,205</u>
<i>Net Position End of Year</i>	<u>\$ 119,484</u>	<u>\$ 453,233</u>	<u>\$ 572,717</u>

See accompanying notes to the basic financial statements

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Village of Chickasaw (the Village), Mercer 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government and business-type activities that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Chickasaw provides the following services to its citizens: police (thru contract with the Mercer County Sheriff's department), fire protection (thru the Chickasaw Fire Department), parks and recreation, building inspection, street maintenance and repairs, water and sewer. The Village contracts with Mercer County Emergency Management Services for ambulance services. Council has direct responsibility for these services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Notes 6 and 12 to the financial statements provides additional information for 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

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

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 in three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds

General 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.

Street Construction Maintenance and Repair 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 maintenance and repair of streets within the Village.

State Highway The state highway fund accounts for and reports the State share of gasoline tax and motor vehicle license tax revenue and all disbursements restricted to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment, and maintenance.

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund accounts for and reports intergovernmental motor vehicle revenues restricted for roads and repairs and upkeep.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, the Village invested in nonnegotiable certificates of deposit. Investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes. Interest receipts credited to the General Fund during 2017 was \$1,325.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Village's Cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for use by revenue source.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Street Construction, Maintenance and Repair Fund, State Highway Fund, and the Permissive Motor Vehicle License Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

No adjustments were necessary to convert the results of operations at the end of the year on the budget basis to the cash basis.

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (Continued)

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$0 in undeposited cash on hand.

Deposits

As of December 31, 2016, the Village's bank balance of \$713,903 was either covered by FDIC or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

The fair value of investments is not materially different than measurement value.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real located in the Village. Property tax revenue received during 2016 for real property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018 operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$2.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$ 7,249,190
Total	\$ 7,249,190

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Village contracted with several companies for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Public Entities Pool of Ohio		
Blanket Property and Contents, Replacement	\$1,247,959	\$500
Automobile Liability	64,000	500

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$5,284 for year 2016.

Social Security

Several Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Postemployment Benefits (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$805, \$786, and \$841, respectively. The full amount has been contributed for all three years.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt

Long-Term Obligations

The changes in the Village's long-term debt during 2016 were as follows:

	Amount Outstanding 12/31/15	Additions	Deletions	Amount Outstanding 12/31/16	Amounts Due in One Year
Governmental Activities					
OPWC Loan 2009 0%	\$ 165,307	\$ -	\$ 6,612	\$ 158,695	\$ 6,612
Original Issue (\$198,368)					
Total Governmental Activities	<u>\$ 165,307</u>	<u>\$ -</u>	<u>\$ 6,612</u>	<u>\$ 158,695</u>	<u>\$ 6,612</u>
Business Type Activities					
OWDA Sewer Loan 4605 0%	\$ 776,828	\$ -	\$ 70,621	\$ 706,207	\$ 70,621
Original Issue (\$1,412,415)					
OWDA Lagoon Expansion Loan 5913 0%	470,866	-	31,624	439,242	31,624
Original Issue (\$632,482)					
OPWC Loan 2005 0%	17,500	-	1,750	15,750	1,750
Original Issue (\$35,000)					
OWDA Water Design Loan 7303 0%	-	5,766	-	5,766	5,018
Original Issue (\$200,700)					
Total Business Type Activities	<u>\$ 1,265,194</u>	<u>\$ 5,766</u>	<u>\$ 103,995</u>	<u>\$ 1,166,965</u>	<u>\$ 109,013</u>

The OWDA New Collection system and Treatment Lagoon sewer loan relates to a central gravity sewer system with two lift stations and a wastewater treatment plant consisting of three aerated lagoons the Ohio EPA mandated. The OWDA approved up to \$1,426,020 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$35,310 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirement.

The OWDA Lagoon Expansion Loan relates to the sewer system being expanded into the Maria Stein area. The OWDA approved up to \$632,482 in loans to the Village for the project and will repay the loan in semiannual payments over 20 years. Repayment of the loan will commence when the project is complete.

The OWDA Design of Water Treatment Facilities relates to the new water tower project. The OWDA approved up to \$200,700.00 in loans to the Village for the project and will repay the loan in semiannual payments over 5 years.

The 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 EPA 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 OPWC 2009 loan relates to various street reconstructions. The OPWC approved a \$198,368 in loans to the Village for the project and will repay the loan in semiannual payments of \$3,306 over 30 years.

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 20, were an overall debt margin of \$426,593 and an unvoted debt margin of \$814,404.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt (Continued)

Principal requirements to retire loans outstanding at December 31, 2016, were as follows:

Year	OPWC Loan 2009 Principal	OWDA Loan 4605 Principal	OWDA Loan 5913 Principal	OPWC Loan 2005 Principal	OWDA Loan 7303 Principal
2017	\$ 6,612	\$ 70,621	\$ 31,624	\$ 1,750	\$ 5,018
2018	6,612	70,621	31,624	1,750	748
2019	6,612	70,621	31,624	1,750	-
2020	6,612	70,621	31,624	1,750	-
2021	6,612	70,621	31,624	1,750	-
2022-2026	33,060	353,102	158,120	7,000	-
2027-2031	33,060	-	123,002	-	-
2032-2036	33,060	-	-	-	-
2037-2041	26,455	-	-	-	-
Total	\$ 158,695	\$ 706,207	\$ 439,242	\$ 15,750	\$ 5,766

Note 11 – Contingent Liabilities

Litigation

The Village is not part to any legal proceedings.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Public Entity Risk Pool

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 12 – Public Entity Risk Pool (Continued)

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government’s share of these unpaid claims collectible in future years is approximately \$5,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2016 Contributions to PEP</u>
\$ 8,096

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction, Maintenance and Repair	State Highway	Permissive Motor Vehicle License	Total
Restricted for					
Permissive Motor Vehicle License Tax	\$ -	\$ -	\$ -	\$ 12,048	\$ 12,048
State Highway	-	-	9,774	-	9,774
Street Construction, Maintenance and Repair	-	20,644	-	-	20,644
Water Tower Project Fund	-	-	-	-	-
<i>Total Restricted</i>	<u>-</u>	<u>20,644</u>	<u>9,774</u>	<u>12,048</u>	<u>42,466</u>
Assigned to					
Subsequent Appropriations	73,389	-	-	-	73,389
<i>Total Assigned</i>	<u>73,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,389</u>
Unassigned					
	25,331	-	-	-	25,331
<i>Total Fund Balances</i>	<u>\$ 98,720</u>	<u>\$ 20,644</u>	<u>\$ 9,774</u>	<u>\$ 12,048</u>	<u>\$ 141,186</u>

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

June 25, 2018

Village of Chickasaw
Mercer County
38 West Wayne Street
Chickasaw, OH 45826

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Village of Chickasaw**, Mercer County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 25, 2018 wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses. We consider audit findings 2017-001 and 2017-002 to be material weaknesses.

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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, opining 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 also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2018.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF CHICKASAW
MERCER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Material Weakness

Receipts, Expenditures and Fund Balances

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- In 2017 and 2016, amounts for subsequent appropriations were classified as unassigned fund balance instead of as assigned fund balances in the General Fund.
- In 2017, miscellaneous receipts were classified as special assessment receipts in the State Highway Fund.
- In 2017 and 2016, debt proceeds and capital outlay were not properly recorded in the Water Tower Fund.

Not posting receipts fund balances accurately resulted in the financial statements requiring reclassifications. The accompanying financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook, Technical Bulletin 2011-004, and other Auditor of State Resources for guidance to determine the proper posting of receipts, expenditures and cash fund balances.

Officials' Response: We received no response to this finding.

VILLAGE OF CHICKASAW
MERCER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-002

Material Weakness

Financial Reporting

The required components of the financial statements will vary by entity type and basis of accounting. Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. GASB Codification 2300 explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

We recommend the Village use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report and note disclosures.

Officials' Response: We received no response to this finding.



Dave Yost • 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
SEPTEMBER, 27 2018