



**VILLAGE OF CHICKASAW
MERCER COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Chickasaw
38 West Wayne Street P.O. Box 14
Chickasaw, Ohio 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, 2018 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 23, 2020

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VILLAGE OF CHICKASAW
MERCER COUNTY

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MERCER COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 25, 2020

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Chickasaw**, Mercer County, (the Village) as of and for the years ended December 31, 2019 and 2018, 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 that are 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 such 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.

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Auditor's Responsibility (Continued)

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

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, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General Fund 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 12 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. 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 August 25, 2020, 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, 2019
(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, 2019. The Management's Discussion and Analysis section should be read in conjunction with the Village's financial statement.

Financial Highlights

During fiscal year 2019, net position of the Village's primary government increased by \$3,911 and ended year 2019 with a balance of \$540,195. No extra activity took place in 2019 as all resources were focused on the new Water Improvement Project which included new water infrastructure, water tower, and water plant, all funded by OPWC and OWDA loans.

Fund Financial Report

Ending dollar amounts for the Village funds consisted of the General Fund: \$92,640, Street Construction Maintenance and Repair Fund: \$15,721, State Highway Fund: \$5,919, Permissive Motor Vehicle License Tax Fund: \$15,816, Water Operating Fund: \$243,455, Sewer Operating Fund: \$161,643, and the Water Tower Fund: \$5,001 which includes \$215,674 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 \$4,349,577.

Long-Term Debt: Notes Payable

Total long-term debt for year 2019 was increased by \$1,761,065, leaving a balance of \$3,272,839. The Village also incurred new debt from loans from OWDA and OPWC for a new water tower, water treatment plant, and water lines for \$1,855,860.

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, 2019

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 130,096	\$ 410,099	\$ 540,195
<i>Total Assets</i>	<u>\$ 130,096</u>	<u>\$ 410,099</u>	<u>\$ 540,195</u>
Net Position			
Restricted for:			
Capital Projects	\$ -	\$ 5,001	\$ 5,001
Other Purposes	37,456	-	37,456
Unrestricted	92,640	405,098	497,738
<i>Total Net Position</i>	<u>\$ 130,096</u>	<u>\$ 410,099</u>	<u>\$ 540,195</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, 2019

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$ 5,287	\$ -	\$ -	\$ -	\$ (5,287)	\$ -	\$ (5,287)
Public Health Services	2,797	-	-	-	(2,797)	-	(2,797)
Leisure Time Activities	814	-	-	-	(814)	-	(814)
Community Environment	179	50	-	-	(129)	-	(129)
Basic Utility Services	10,775	1,501	-	-	(9,274)	-	(9,274)
Transportation	28,048	-	20,665	-	(7,383)	-	(7,383)
General Government	43,103	-	5,573	-	(37,530)	-	(37,530)
Capital Outlay	326	-	-	-	(326)	-	(326)
Debt Service:							
Principal Retirement	6,612	-	-	-	(6,612)	-	(6,612)
Other	50	-	-	-	(50)	-	(50)
<i>Total Governmental Activities</i>	<u>97,991</u>	<u>1,551</u>	<u>26,238</u>	<u>-</u>	<u>(70,202)</u>	<u>-</u>	<u>(70,202)</u>
Business-Type Activities							
Water Operating	75,055	94,105	-	-	-	19,050	19,050
Sewer Operating	177,086	140,569	-	-	-	(36,517)	(36,517)
Water Tower	2,294,110	-	-	438,959	-	(1,855,151)	(1,855,151)
<i>Total Business-Type Activities</i>	<u>2,546,251</u>	<u>234,674</u>	<u>-</u>	<u>438,959</u>	<u>-</u>	<u>(1,872,618)</u>	<u>(1,872,618)</u>
<i>Total Primary Government</i>	<u>2,644,242</u>	<u>236,225</u>	<u>26,238</u>	<u>438,959</u>	<u>(70,202)</u>	<u>(1,872,618)</u>	<u>(1,942,820)</u>
		General Receipts:					
		Property Taxes			37,503	-	37,503
		Other Local Taxes			5,083	-	5,083
		Grants and Entitlements not Restricted to Specific Programs			23,671	-	23,671
		Loans Issued			-	1,855,860	1,855,860
		Earnings on Investments			5,312	-	5,312
		Miscellaneous			4,193	15,109	19,302
		<i>Total General Receipts</i>			<u>75,762</u>	<u>1,870,969</u>	<u>1,946,731</u>
		Change in Net Position			5,560	(1,649)	3,911
		<i>Net Position Beginning of Year</i>			<u>124,536</u>	<u>411,748</u>	<u>536,284</u>
		<i>Net Position End of Year</i>			<u>\$ 130,096</u>	<u>\$ 410,099</u>	<u>\$ 540,195</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, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 92,640	\$ 37,456	\$ 130,096
<i>Total Assets</i>	<u>92,640</u>	<u>37,456</u>	<u>130,096</u>
Fund Balances			
Restricted	-	37,456	37,456
Assigned	47,714	-	47,714
Unassigned	44,926	-	44,926
<i>Total Fund Balances</i>	<u>\$ 92,640</u>	<u>\$ 37,456</u>	<u>\$ 130,096</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, 2019

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$ 37,503	\$ -	\$ 37,503
Other Local Taxes	-	5,083	5,083
Intergovernmental	29,244	20,665	49,909
Charges for Services	1,501	-	1,501
Fines, Licenses and Permits	50	-	50
Earnings on Investments	5,306	6	5,312
Miscellaneous	393	3,800	4,193
<i>Total Receipts</i>	<u>73,997</u>	<u>29,554</u>	<u>103,551</u>
Disbursements			
Current:			-
Security of Persons and Property	4,510	777	5,287
Public Health Services	2,797	-	2,797
Leisure Time Activities	814	-	814
Community Environment	179	-	179
Basic Utility Services	10,775	-	10,775
Transportation	8,181	19,867	28,048
General Government	43,103	-	43,103
Capital Outlay	326	-	326
Debt Service:			
Principal Retirement	-	6,612	6,612
<i>Total Disbursements</i>	<u>70,685</u>	<u>27,256</u>	<u>97,941</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,312</u>	<u>2,298</u>	<u>5,610</u>
Other Financing Sources (Uses)			
Other Financing Uses	(50)	-	(50)
<i>Total Other Financing Sources (Uses)</i>	<u>(50)</u>	<u>-</u>	<u>(50)</u>
<i>Net Change in Fund Balances</i>	3,262	2,298	5,560
<i>Fund Balances Beginning of Year</i>	<u>89,378</u>	<u>35,158</u>	<u>124,536</u>
<i>Fund Balances End of Year</i>	<u>\$ 92,640</u>	<u>\$ 37,456</u>	<u>\$ 130,096</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
General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$ 40,999	\$ 40,999	\$ 37,503	\$ (3,496)
Intergovernmental	17,400	17,400	29,244	11,844
Charges for Services	1,501	1,501	1,501	-
Fines, Licenses and Permits	100	100	50	(50)
Earnings on Investments	800	800	5,306	4,506
Miscellaneous	100	100	393	293
<i>Total Receipts</i>	<u>60,900</u>	<u>60,900</u>	<u>73,997</u>	<u>13,097</u>
Disbursements				
Current:				
Security of Persons and Property	6,950	7,870	4,510	3,360
Public Health Services	3,000	3,000	2,797	203
Leisure Time Activities	750	814	814	-
Community Environment	300	300	179	121
Basic Utility Services	19,750	20,560	10,775	9,785
Transportation	23,000	23,000	8,181	14,819
General Government	49,597	55,754	43,686	12,068
Capital Outlay	500	500	326	174
<i>Total Disbursements</i>	<u>103,847</u>	<u>111,798</u>	<u>71,268</u>	<u>40,530</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,947)</u>	<u>(50,898)</u>	<u>2,729</u>	<u>53,627</u>
Other Financing Sources (Uses)				
Other Financing Uses	(25,000)	(17,049)	(50)	16,999
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>(17,049)</u>	<u>(50)</u>	<u>16,999</u>
<i>Net Change in Fund Balance</i>	<u>(67,947)</u>	<u>(67,947)</u>	<u>2,679</u>	<u>70,626</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	89,242	89,242	89,242	-
Prior Year Encumbrances Appropriated	136	136	136	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 21,431</u>	<u>\$ 21,431</u>	<u>\$ 92,057</u>	<u>\$ 70,626</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, 2019

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Water Tower Project</u>	<u>Total Enterprise Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 243,455	\$ 161,643	\$ 5,001	\$ 410,099
<i>Total Assets</i>	<u>243,455</u>	<u>161,643</u>	<u>5,001</u>	<u>410,099</u>
Net Position				
Restricted for:				
Capital Projects	-	-	5,001	5,001
Unrestricted	<u>243,455</u>	<u>161,643</u>	<u>-</u>	<u>405,098</u>
<i>Total Net Position</i>	<u>\$ 243,455</u>	<u>\$ 161,643</u>	<u>\$ 5,001</u>	<u>\$ 410,099</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, 2019

	Water Operating	Sewer Operating	Water Tower Project	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 94,105	\$ 140,569	\$ -	\$ 234,674
Miscellaneous	1,707	-	-	1,707
<i>Total Operating Receipts</i>	<u>95,812</u>	<u>140,569</u>	<u>-</u>	<u>236,381</u>
Operating Disbursements				
Personal Services	33,248	15,044	-	48,292
Employee Fringe Benefits	5,252	2,412	-	7,664
Contractual Services	10,073	52,020	-	62,093
Supplies and Materials	132	5,520	-	5,652
Other	21,791	12,591	-	34,382
<i>Total Operating Disbursements</i>	<u>70,496</u>	<u>87,587</u>	<u>-</u>	<u>158,083</u>
<i>Operating Income</i>	<u>25,316</u>	<u>52,982</u>	<u>-</u>	<u>78,298</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	-	-	438,959	438,959
Other Debt Proceeds	-	-	1,855,860	1,855,860
Miscellaneous Receipts	12,382	1,020	-	13,402
Capital Outlay	(4,559)	(1,316)	(2,294,110)	(2,299,985)
Principal Retirement	-	(88,183)	-	(88,183)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>7,823</u>	<u>(88,479)</u>	<u>709</u>	<u>(79,947)</u>
<i>Change in Net Position</i>	33,139	(35,497)	709	(1,649)
<i>Net Position Beginning of Year</i>	<u>210,316</u>	<u>197,140</u>	<u>4,292</u>	<u>411,748</u>
<i>Net Position End of Year</i>	<u>\$ 243,455</u>	<u>\$ 161,643</u>	<u>\$ 5,001</u>	<u>\$ 410,099</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, 2019

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. Note 6 to the financial statements provides additional information for this entity.

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, 2019

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary Funds (Continued)

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

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

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.

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".

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

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 2019, 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 2019 was \$5,306.

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 is 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:

	<u>General</u>
Cash Basis	\$ 3,262
Encumbrances	(583)
Budget Basis	<u>\$ 2,679</u>

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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;
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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments (Continued)

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

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020 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, 2019, was \$2.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$8,135,170
Total	<u>\$8,135,170</u>

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

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.

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

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):

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
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 \$8,717 for year 2019.

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, 2019.

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.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of 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, 2019

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 75. 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 2019, 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. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2019.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Long-Term Obligations

The changes in the Village's long-term debt during 2019 were as follows:

	Amount Outstanding 12/31/18	Additions	Deletions	Amount Outstanding 12/31/19	Amounts Due in One Year
Governmental Activities					
OPWC Loan CT65L 0%	\$ 145,471	\$ -	\$ 6,612	\$ 138,859	\$ 6,612
Total Governmental Activities	<u>\$ 145,471</u>	<u>\$ -</u>	<u>\$ 6,612</u>	<u>\$ 138,859</u>	<u>\$ 6,612</u>
Business Type Activities					
OWDA Sewer Loan 4605 0%	\$ 564,966	\$ -	\$ 70,621	\$ 494,345	\$ 70,621
OWDA Lagoon Expansion Loan 5913 0%	375,994	-	15,812	360,182	31,624
OPWC Loan CT41G 0%	12,250	-	1,750	10,500	1,750
OPWC Loan CM29V 0%	104,483	836,267	-	940,750	31,358
OPWC Loan CT45U 0%	-	485,143	-	485,143	-
OWDA Water System Loan 8201 0.94%	308,610	534,450	-	843,060	18,566
Total Business Type Activities	<u>\$ 1,366,303</u>	<u>\$ 1,855,860</u>	<u>\$ 88,183</u>	<u>\$ 3,133,980</u>	<u>\$ 153,919</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.

OPWC Loan CM29V relates to waterline improvements. The OPWC approved \$940,750 in loans to the Village for the project and the Village will repay the loan in semiannual payments of \$15,679 over 30 years.

OWDA Loan 8201 relates to water system improvements. OWDA approved \$968,700 in loans to the Village for the project and the Village will repay the loan in semiannual payments of \$18,566, which includes interest, over 30 years.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (Continued)

Long-Term Obligations (Continued)

OPWC Loan CT45U relates to water treatment plant replacement. The OPWC approved \$500,00 in loans to the Village for the project and the Village will repay the loan in semiannual payments of \$16,667 over 30 years.

Amortization of the above loans, including interest, at December 31, 2019, is as follows:

Year	OPWC Loan CT65L	OWDA Loan 4605	OWDA Loan 5913	OPWC Loan CT41G	OPWC Loan CM29V	OWDA Loan 8201
2020	\$ 6,612	\$ 70,621	\$ 14,143	\$ 1,750	\$ 31,358	\$ 18,566
2021	6,612	70,621	28,287	1,750	31,358	37,132
2022	6,612	70,621	28,287	1,750	31,358	37,132
2023	6,612	70,621	28,287	1,750	31,358	37,132
2024	6,612	70,621	28,287	1,750	31,358	37,132
2025-2029	33,061	141,240	141,435	1,750	156,792	185,660
2030-2034	33,061	-	91,456	-	156,792	185,660
2035-2039	33,061	-	-	-	156,792	185,660
2040-2044	6,616	-	-	-	156,792	185,660
2045-2049	-	-	-	-	156,792	185,660
2050-2054	-	-	-	-	-	18,564
Total	<u>\$ 138,859</u>	<u>\$ 494,345</u>	<u>\$ 360,182</u>	<u>\$ 10,500</u>	<u>\$ 940,750</u>	<u>\$ 1,113,958</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, 2019, were an overall debt margin of \$447,434 and an unvoted debt margin of \$854,193.

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, 2019, were an overall debt margin of \$419,096 and an unvoted debt margin of \$800,092.

Note 10 – Contingent Liabilities

Litigation

The Village is not party 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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 – 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	Other Governmental Funds	Total
Restricted for			
Road Improvements	\$ -	\$ 37,456	\$ 37,456
<i>Total Restricted</i>	-	37,456	37,456
Assigned to			
Other Purposes	47,714	-	47,714
<i>Total Assigned</i>	47,714	-	47,714
Unassigned	44,926	-	44,926
<i>Total Fund Balances</i>	\$ 92,640	\$ 37,456	\$ 130,096

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018. The Management's Discussion and Analysis section should be read in conjunction with the Village's financial statement.

Financial Highlights

During fiscal year 2018, net position of the Village's primary government decreased by \$73,885 and ended year 2018 with a balance of \$536,284. No extra activity took place in 2018 as all resources were focused on the new Water Improvement Project which included new water infrastructure, water tower, and water plant, all funded by OPWC and OWDA loans.

Fund Financial Report

Ending dollar amounts for the Village funds consisted of the General Fund: \$89,378, Street Construction Maintenance and Repair Fund: \$15,458, State Highway Fund: \$8,969, Permissive Motor Vehicle License Tax Fund: \$10,731, Water Operating Fund: \$210,316, Sewer Operating Fund: \$197,140, and the Water Tower Fund: \$4,292, which includes \$210,902 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 \$1,677,958.

Long-Term Debt: Notes Payable

Total long-term debt for year 2018 was increased by \$261,175, leaving a balance of \$1,511,774. The Village also incurred new debt from loans from OWDA and OPWC for a new water tower, water treatment plant, and water lines for \$570,257.

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, 2018

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 124,536	\$ 411,748	\$ 536,284
<i>Total Assets</i>	<u>\$ 124,536</u>	<u>\$ 411,748</u>	<u>\$ 536,284</u>
Net Position			
Restricted for:			
Capital Projects	\$ -	\$ 4,292	\$ 4,292
Other Purposes	35,158	-	35,158
Unrestricted	<u>89,378</u>	<u>407,456</u>	<u>496,834</u>
<i>Total Net Position</i>	<u>\$ 124,536</u>	<u>\$ 411,748</u>	<u>\$ 536,284</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, 2018

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$ 5,919	\$ -	\$ -	\$ -	\$ (5,919)	\$ -	\$ (5,919)
Public Health Services	2,652	-	-	-	(2,652)	-	(2,652)
Leisure Time Activities	673	-	-	-	(673)	-	(673)
Community Environment	239	100	-	-	(139)	-	(139)
Basic Utility Services	4,906	2,111	-	-	(2,795)	-	(2,795)
Transportation	34,233	-	17,889	-	(16,344)	-	(16,344)
General Government	36,371	-	5,583	-	(30,788)	-	(30,788)
Debt Service:							
Principal Retirement	6,612	-	-	-	(6,612)	-	(6,612)
<i>Total Governmental Activities</i>	<u>91,605</u>	<u>2,211</u>	<u>23,472</u>	<u>-</u>	<u>(65,922)</u>	<u>-</u>	<u>(65,922)</u>
Business-Type Activities							
Water Operating	58,538	114,875	-	-	-	56,337	56,337
Sewer Operating	285,317	147,958	-	-	-	(137,359)	(137,359)
Water Tower Project	631,995	-	-	61,030	-	(570,965)	(570,965)
<i>Total Business-Type Activities</i>	<u>975,850</u>	<u>262,833</u>	<u>-</u>	<u>61,030</u>	<u>-</u>	<u>(651,987)</u>	<u>(651,987)</u>
<i>Total Primary Government</i>	<u>1,067,455</u>	<u>265,044</u>	<u>23,472</u>	<u>61,030</u>	<u>(65,922)</u>	<u>(651,987)</u>	<u>(717,909)</u>
General Receipts:							
Property Taxes					36,608	-	36,608
Other Local Taxes					5,158	-	5,158
Grants and Entitlements not Restricted to Specific Programs					22,957	-	22,957
Earnings on Investments					908	-	908
Miscellaneous					4,673	3,463	8,136
<i>Total General Receipts</i>					<u>70,304</u>	<u>573,720</u>	<u>644,024</u>
Change in Net Position					4,382	(78,267)	(73,885)
<i>Net Position Beginning of Year, Restated - See Note 13</i>					<u>120,154</u>	<u>490,015</u>	<u>610,169</u>
<i>Net Position End of Year</i>					<u>\$ 124,536</u>	<u>\$ 411,748</u>	<u>\$ 536,284</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, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 89,378	\$ 35,158	\$ 124,536
<i>Total Assets</i>	<u>89,378</u>	<u>35,158</u>	<u>124,536</u>
Fund Balances			
Restricted	-	35,158	35,158
Assigned	59,997	-	59,997
Unassigned	29,381	-	29,381
<i>Total Fund Balances</i>	<u>\$ 89,378</u>	<u>\$ 35,158</u>	<u>\$ 124,536</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, 2018

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$ 36,608	\$ -	\$ 36,608
Other Local Taxes	-	5,158	5,158
Intergovernmental	28,540	17,889	46,429
Charges for Services	2,111	-	2,111
Fines, Licenses and Permits	100	-	100
Earnings on Investments	902	6	908
Miscellaneous	493	4,180	4,673
<i>Total Receipts</i>	<u>68,754</u>	<u>27,233</u>	<u>95,987</u>
Disbursements			
Current:			
Security of Persons and Property	5,531	388	5,919
Public Health Services	2,652	-	2,652
Leisure Time Activities	673	-	673
Community Environment	239	-	239
Basic Utility Services	4,906	-	4,906
Transportation	26,000	8,233	34,233
General Government	36,371	-	36,371
Debt Service:			
Principal Retirement	-	6,612	6,612
<i>Total Disbursements</i>	<u>76,372</u>	<u>15,233</u>	<u>91,605</u>
<i>Net Change in Fund Balances</i>	(7,618)	12,000	4,382
<i>Fund Balances Beginning of Year, Restated - See Note 13</i>	<u>96,996</u>	<u>23,158</u>	<u>120,154</u>
<i>Fund Balances End of Year</i>	<u>\$ 89,378</u>	<u>\$ 35,158</u>	<u>\$ 124,536</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
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$ 40,520	\$ 40,520	\$ 36,608	\$ (3,912)
Intergovernmental	22,820	22,820	28,540	5,720
Charges for Services	1,501	1,501	2,111	610
Fines, Licenses and Permits	200	200	100	(100)
Earnings on Investments	1,320	1,320	902	(418)
Miscellaneous	100	100	493	393
<i>Total Receipts</i>	<u>66,461</u>	<u>66,461</u>	<u>68,754</u>	<u>2,293</u>
Disbursements				
Current:				
Security of Persons and Property	6,950	6,950	5,531	1,419
Public Health Services	3,000	3,000	2,652	348
Leisure Time Activities	1,000	1,000	673	327
Community Environment	300	300	239	61
Basic Utility Services	27,550	27,675	4,906	22,769
Transportation	11,000	34,000	26,000	8,000
General Government	40,510	42,074	36,508	5,566
<i>Total Disbursements</i>	<u>90,310</u>	<u>114,999</u>	<u>76,509</u>	<u>38,490</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,849)</u>	<u>(48,538)</u>	<u>(7,755)</u>	<u>40,783</u>
Other Financing Sources (Uses)				
Other Financing Uses	<u>(50,000)</u>	<u>(25,311)</u>	<u>-</u>	<u>25,311</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(25,311)</u>	<u>-</u>	<u>25,311</u>
<i>Net Change in Fund Balance</i>	<u>(73,849)</u>	<u>(73,849)</u>	<u>(7,755)</u>	<u>66,094</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	96,536	96,536	96,536	-
Prior Year Encumbrances Appropriated	<u>460</u>	<u>460</u>	<u>460</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 23,147</u>	<u>\$ 23,147</u>	<u>\$ 89,241</u>	<u>\$ 66,094</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, 2018

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Water Tower Project</u>	<u>Total Enterprise Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 210,316	\$ 197,140	\$ 4,292	\$ 411,748
<i>Total Assets</i>	<u>210,316</u>	<u>197,140</u>	<u>4,292</u>	<u>411,748</u>
Net Position				
Restricted for:				
Capital Projects	-	-	4,292	4,292
Unrestricted	<u>210,316</u>	<u>197,140</u>	<u>-</u>	<u>407,456</u>
<i>Total Net Position</i>	<u>\$ 210,316</u>	<u>\$ 197,140</u>	<u>\$ 4,292</u>	<u>\$ 411,748</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, 2018

	Water Operating	Sewer Operating	Water Tower Project	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 114,875	\$ 147,958	\$ -	\$ 262,833
<i>Total Operating Receipts</i>	<u>114,875</u>	<u>147,958</u>	<u>-</u>	<u>262,833</u>
Operating Disbursements				
Personal Services	22,667	19,683	-	42,350
Employee Fringe Benefits	3,588	3,151	-	6,739
Contractual Services	12,001	127,255	-	139,256
Supplies and Materials	231	14,674	-	14,905
Other	10,015	15,557	-	25,572
<i>Total Operating Disbursements</i>	<u>48,502</u>	<u>180,320</u>	<u>-</u>	<u>228,822</u>
<i>Operating Income (Loss)</i>	<u>66,373</u>	<u>(32,362)</u>	<u>-</u>	<u>34,011</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	-	-	61,030	61,030
Other Debt Proceeds	-	-	570,257	570,257
Miscellaneous Receipts	2,564	899	-	3,463
Capital Outlay	-	(1,003)	(443,555)	(444,558)
Principal Retirement	(10,036)	(103,994)	(188,440)	(302,470)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(7,472)</u>	<u>(104,098)</u>	<u>(708)</u>	<u>(112,278)</u>
<i>Change in Net Position</i>	58,901	(136,460)	(708)	(78,267)
<i>Net Position Beginning of Year, Restated - See Note 13</i>	<u>151,415</u>	<u>333,600</u>	<u>5,000</u>	<u>490,015</u>
<i>Net Position End of Year</i>	<u>\$ 210,316</u>	<u>\$ 197,140</u>	<u>\$ 4,292</u>	<u>\$ 411,748</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, 2018

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. Note 6 to the financial statements provides additional information for this entity.

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, 2018

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary Funds (Continued)

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

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

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.

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".

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

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 2018, 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 2018 was \$902.

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 is 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:

	<u>General</u>
Cash Basis	\$ (7,618)
Encumbrances	(137)
Budget Basis	<u>\$ (7,755)</u>

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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;
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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (Continued)

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

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2018 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2020 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, 2018, was \$2.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$7,619,920
Total	<u>\$7,619,920</u>

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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management

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.

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

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):

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plans (Continued)

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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 2018, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plans (Continued)

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
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 \$7,292 for year 2018.

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, 2018.

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.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of 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, 2018

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 75. 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 2018, 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. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2018.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Long-Term Obligations

The changes in the Village's long-term debt during 2018 were as follows:

	Amount Outstanding 12/31/17	Additions	Deletions	Amount Outstanding 12/31/18	Amounts Due in One Year
Governmental Activities					
OPWC Loan CT65L 0%	\$ 152,083	\$ -	\$ 6,612	\$ 145,471	\$ 6,612
Total Governmental Activities	<u>\$ 152,083</u>	<u>\$ -</u>	<u>\$ 6,612</u>	<u>\$ 145,471</u>	<u>\$ 6,612</u>
Business Type Activities					
OWDA Sewer Loan 4605 0%	\$ 635,587	\$ -	\$ 70,621	\$ 564,966	\$ 70,621
OWDA Lagoon Expansion Loan 5913 0%	407,618	-	31,624	375,994	31,624
OPWC Loan CT41G 0%	14,000	-	1,750	12,250	1,750
OWDA Water Design Loan 7303 0%	41,311	157,164	198,475	-	-
OPWC Loan CM29V 0%	-	104,483	-	104,483	-
OWDA Water System Loan 8201 0.94%	-	308,610	-	308,610	-
Total Business Type Activities	<u>\$ 1,098,516</u>	<u>\$ 570,257</u>	<u>\$ 302,470</u>	<u>\$ 1,366,303</u>	<u>\$ 103,995</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.

OPWC Loan CM29V relates to waterline improvements. The OPWC approved \$940,750 in loans to the Village for the project and the Village will repay the loan in semiannual payments of \$15,679 over 30 years.

OWDA Loan 8201 relates to water system improvements. OWDA approved \$968,700 in loans to the Village for the project and the Village will repay the loan in semiannual payments of \$18,566, which includes interest, over 30 years.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt (Continued)

Long-Term Obligations (Continued)

Amortization of the above loans, including interest, at December 31, 2018, is as follows:

Year	OPWC	OWDA	OWDA	OPWC
	Loan	Loan	Loan	Loan
	CT65L	4605	5913	CT41G
2019	\$ 6,612	\$ 70,621	\$ 14,143	\$ 1,750
2020	6,612	70,621	28,287	1,750
2021	6,612	70,621	28,287	1,750
2022	6,612	70,621	28,287	1,750
2023	6,612	70,621	28,287	1,750
2024-2028	33,061	211,861	141,435	3,500
2029-2033	33,061	-	107,268	-
2034-2038	33,061	-	-	-
2039-2043	13,228	-	-	-
Total	<u>\$ 145,471</u>	<u>\$ 564,966</u>	<u>\$ 375,994</u>	<u>\$ 12,250</u>

Amortization schedules for OPWC CM29V and OWDA Loan 8201 are not available as of December 31, 2018.

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, 2018, were an overall debt margin of \$447,434 and an unvoted debt margin of \$854,193.

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, 2018, were an overall debt margin of \$419,096 and an unvoted debt margin of \$800,092.

Note 10 – Contingent Liabilities

Litigation

The Village is not party 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.

Village of Chickasaw, Ohio
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 11 – 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	Other Governmental Funds	Total
Restricted for			
Road Improvements	\$ -	\$ 35,158	\$ 35,158
<i>Total Restricted</i>	<u>-</u>	<u>35,158</u>	<u>35,158</u>
Assigned to			
Other Purposes	59,997	-	59,997
<i>Total Assigned</i>	<u>59,997</u>	<u>-</u>	<u>59,997</u>
Unassigned	<u>29,381</u>	<u>-</u>	<u>29,381</u>
<i>Total Fund Balances</i>	<u>\$ 89,378</u>	<u>\$ 35,158</u>	<u>\$ 124,536</u>

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Restatement of Prior Year Balances

The Water Tower Fund was previously recorded as a Governmental Fund. Because of the nature of the activity, the fund should be properly classified as an Enterprise Fund. As a result, the following restatement amounts had an effect on the beginning balances for January 1, 2018:

	Prior Balance 12/31/2017	Restatement Amount	Beginning Balance 1/1/2018
Government-Wide			
Governmental Activities	\$ 125,154	\$ (4,292)	\$ 120,862
Business-Type Activities	485,015	4,292	489,307
<i>Total</i>	<u>\$ 610,169</u>	<u>\$ -</u>	<u>\$ 610,169</u>
Governmental Funds			
Water Tower Fund	\$ 4,292	\$ (4,292)	\$ -
Proprietary Funds			
Water Tower Fund	\$ -	\$ 4,292	\$ 4,292

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

August 25, 2020

Village of Chickasaw
Mercer County
38 West Wayne Street
Chickasaw, Ohio 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 the **Village of Chickasaw**, Mercer County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 25, 2020, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Internal Control Over Financial Reporting (Continued)

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 material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

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*.

Village's Response to Findings

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

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, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

During 2019 and 2018, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- An auto registration receipt was posted to the Permissive Tax Fund instead of the Street and State Highway Funds in 2019;
- A Permissive Tax receipt was posted to the Street and State Highway Funds instead of the Permissive Tax Fund in 2018;
- A reimbursement receipt was misclassified as Special Assessments instead of Miscellaneous in the State Highway Fund in 2018;
- Debt proceeds were misclassified as Intergovernmental in the Water Tower Fund in 2019 and 2018;
- Debt proceeds and the corresponding Capital Outlay disbursements were not recorded in the Water Tower Fund in 2018;
- A debt payoff transaction was not recorded in the Water Tower Fund in 2018;
- Capital Outlay from debt proceeds was misclassified as Principal Retirement in the Water Tower Fund in 2019 and 2018;
- Principal portion of debt payments was misclassified as Interest and Other Fiscal Charges instead of Principal Retirement in 2018; and
- Water Fund activity was presented as a Governmental Fund instead of an Enterprise Fund.
- Water and Sewer fund net position was misclassified as restricted rather than unrestricted.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – After receiving an explanation from the auditor and a discussion amongst the council members, it was decided that the Fiscal Officer will continue to obtain additional training on both the UAN system and governmental accounting. We also anticipate that additional experience in Governmental accounting and the use of the UAN system itself will mitigate the issue.

VILLAGE OF CHICKASAW
MERCER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-002

Material Weakness

Notes to the Financial Statements

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, significant 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.

Management's Response – After receiving an explanation from the auditor and a discussion amongst the council members, it was decided that the future financial statements and notes to financial statements would be prepared under the regulatory cash basis system to ensure all information is prepared under the same system.

**VILLAGE OF CHICKASAW
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Receipts, Expenditures and Fund Balances	Not Corrected	Repeated as Finding 2019-001
2017-002	Financial Reporting	Not Corrected	Repeated as Finding 2019-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CHICKASAW

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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