



***VILLAGE OF CHESHIRE, GALLIA COUNTY***

---

**Regular Audit**

**For the Years Ended December 31, 2009 and 2008**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Cheshire  
P.O. Box 276  
Cheshire, Ohio 45260-0276

We have reviewed the *Independent Auditor's Report* of the Village of Cheshire, Gallia County, prepared by J. L. Uhrig and Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Cheshire is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 8, 2010

**This Page is Intentionally Left Blank.**

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Table of Contents**  
**For the Years Ended December 31, 2009 and 2008**

---

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<u>Government-Wide Financial Statements - 2009:</u>	
Statement of Net Assets .....	10
Statement of Activities .....	11
<u>Fund Financial Statements - 2009:</u>	
Balance Sheet - Governmental Funds .....	12
Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental Funds .....	13
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual (Budget Basis)	
General Fund .....	14
Street Construction Maintenance and Repair Fund .....	15
<u>Government-Wide Financial Statements - 2008:</u>	
Statement of Net Assets .....	16
Statement of Activities .....	17
<u>Fund Financial Statements - 2008:</u>	
Balance Sheet - Governmental Funds .....	18
Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental Funds .....	19
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual (Budget Basis)	
General Fund .....	20
Notes to the Basic Financial Statements .....	21

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Table of Contents*

***For the Years Ended December 31, 2009 and 2008***

---

Independent Accountant’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards ..... 32

Schedule of Findings ..... 34

Schedule of Prior Audit Findings ..... 35

## Independent Auditor's Report

Members of Council  
Village of Cheshire, Gallia County  
P.O. Box 276  
Cheshire, Ohio 45260-0276

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Cheshire, Gallia County (Village) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Street Construction Maintenance and Repair Fund for the years then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Members of Council  
Village of Cheshire, Gallia County  
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

June 4, 2010



**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

---

This discussion and analysis of the Village of Cheshire's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009 and 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$1,166, or 1.37 percent, an insignificant change from the prior year.

General receipts accounted for \$77,918 or 87.79 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$10,842 or 12.21 percent of total receipts of \$88,760.

The Village had \$87,594 in disbursements related to governmental activities; only \$10,842 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily grants and entitlements) of \$77,918 provided for the remainder of these programs.

The Village recognizes two major governmental funds: the General Fund and Street Construction Maintenance and Repair Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the Village combined. The General Fund had \$78,075 in receipts and \$77,116 in disbursements in 2009.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$17,358, or 25.73 percent, significant change from the prior year.

General receipts accounted for \$141,844 or 91.95 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$12,425 or 8.05 percent of total receipts of \$154,269.

The Village had \$136,911 in disbursements related to governmental activities; only \$12,425 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily grants and entitlements) of \$141,844 provided for the remainder of these programs.

The Village recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the Village combined. The General Fund had \$143,062 in receipts and \$125,951 in disbursements in 2008.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

---

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

---

In the statement of net assets and the statement of activities, the Village consists of one type of activity:

**Governmental Activities** – All of the Village's basic services are reported here. State grants and entitlements finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village consist of one category: governmental.

**Governmental Funds** - All of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General and Street Construction Maintenance and Repair Fund. The programs reported in governmental funds are equal to those reported in the governmental activities section of the entity-wide statements.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2009 and 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2009	2008	2007
<b>Assets</b>			
Cash and Cash Equivalents	\$85,987	\$84,821	\$67,463
Total Assets	<u>85,987</u>	<u>84,821</u>	<u>67,463</u>
<b>Net Assets</b>			
<i>Restricted for:</i>			
Other Purposes	9,640	8,233	6,786
Unrestricted	76,347	76,588	60,677
Total Net Assets	<u>\$85,987</u>	<u>\$84,821</u>	<u>\$67,463</u>

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

As mentioned previously, net assets of governmental activities increased \$1,166 or 1.37 percent during 2009 and increased \$17,358 or 25.73 percent during 2008. The primary reason contributing to the significant increase in cash balance for 2008 was as follows:

- The Village received \$66,940 from an inheritance tax during 2008.

Table 2 reflects the changes in net assets in 2009 and 2008 as compared to 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008	Governmental Activities 2007
<b><u>Receipts:</u></b>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$157	\$1,250	\$2,112
Operating Grants and Contributions	10,685	11,175	9,368
Total Program Receipts	<u>10,842</u>	<u>12,425</u>	<u>11,480</u>
<i>General Receipts:</i>			
Property Taxes	849	571	2,745
Grants and Entitlements Not Restricted to Specific Programs	63,384	136,527	99,414
Earnings on Investments	0	131	76
Miscellaneous	13,685	4,615	22,235
Total General Receipts	<u>77,918</u>	<u>141,844</u>	<u>124,470</u>
Total Receipts	<u>88,760</u>	<u>154,269</u>	<u>135,950</u>
<b><u>Disbursements:</u></b>			
General Government	54,679	96,438	68,895
Security of Persons and Property	20,647	27,208	30,336
Leisure Time Activities	60	699	1,233
Community Environment	500	1,386	2,046
Basic Utility Services	430	220	487
Transportation	9,278	9,760	12,604
<i>Debt Service:</i>			
Principal Retirement	2,000	1,200	1,200
Total Disbursements	<u>87,594</u>	<u>136,911</u>	<u>116,801</u>
Increase (Decrease) in Net Assets	1,166	17,358	19,149
Net Assets, January 1	<u>84,821</u>	<u>67,463</u>	<u>48,314</u>
Net Assets, December 31	<u><u>\$85,987</u></u>	<u><u>\$84,821</u></u>	<u><u>\$67,463</u></u>

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

Program receipts represent only 12.21 percent of total receipts in 2009 and 8.05 percent of total receipts in 2008 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, court fines, and building permits.

General receipts represent 87.79 percent of the Village's total receipts in 2009 and 91.95 percent in 2008. Grants and entitlements make up 71.41 percent of the Village's total receipts in 2009 and 88.50 percent in 2008. Miscellaneous receipts represent 15.42 percent of total receipts for 2009 and 2.99 percent for 2008 and are comprised of primarily refunds and reimbursements.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the mayor, and the fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of persons and property are costs associated with fire protection and emergency services. Transportation are costs associated with maintaining Village streets.

**Governmental Activities**

If you look at the Statement of Activities on pages 11 and 17 you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general governments, which account for \$54,679 or 62.42 percent of all governmental disbursements in 2009 and \$96,438 or 70.44 percent of all governmental disbursements in 2008. Security of persons and property also represents a significant cost, about 23.57 percent in 2009 and 19.87 percent in 2008. The next columns of the Statement entitled program receipts identify amounts from charges and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
General Government	\$54,679	\$54,522	\$96,438	\$95,688	\$68,895	\$66,783
Security of Persons and Property	20,647	20,647	27,208	27,208	30,336	30,336
Leisure Time Activities	60	60	699	699	1,233	1,233
Community Environment	500	500	1,386	886	2,046	2,046
Basic Utility Services	430	430	220	220	487	487
Transportation	9,278	(1,407)	9,760	(1,415)	12,604	3,236
<i>Debt Service:</i>						
Principal Retirement	2,000	2,000	1,200	1,200	1,200	1,200
<b>Total Expenses</b>	<u>\$87,594</u>	<u>\$76,752</u>	<u>\$136,911</u>	<u>\$124,486</u>	<u>\$116,801</u>	<u>\$105,321</u>

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009 and 2008**  
**Unaudited**

---

**The Village's Funds**

In 2009 total governmental funds had receipts of \$88,760 and disbursements of \$87,594 in 2009. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$241 as the result of disbursements exceeding receipts for 2009.

In 2008 the total governmental funds had receipts of \$154,269 and disbursements of \$136,911. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$15,911 as the result of receipts exceeding disbursements for 2008.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2009, the Village did not amend its General Fund budgeted receipts. Final budgeted receipts were \$80,647. The difference between final budgeted receipts and actual receipts was \$2,572 or 3.19 percent.

General Fund final disbursements and other financing uses were budgeted at \$91,315 while actual disbursements and other financing uses were \$78,895 in 2009. Final budgeted disbursements and other financing uses did not change from the original budgeted disbursements and other financing uses.

During 2008, General Fund final receipts and other financing sources were budgeted at \$75,474 while actual receipts and other financing sources were \$143,062. Final budgeted receipts and other financing sources increased \$5,050 or 7.17 percent from the original budgeted receipts.

General Fund final disbursements and other financing uses were budgeted at \$131,968 while actual disbursements and other financing uses were \$127,151 in 2008. Final budgeted disbursements and other financing uses decreased \$648 or 0.49 percent from the original budgeted disbursements and other financing uses.

**Debt Administration**

At December 31, 2009, the Village had no outstanding debt.

At December 31, 2008, the Village had a total of \$2,000 in outstanding debt.

**Current Issues**

The challenge for all government's is to provide quality service in streets and safety to the public, while staying within the restrictions imposed by limited and, in some cases, shrinking funding. We have reviewed our sources of revenue and are determined to keep our spending in line with our revenue.

*VILLAGE OF CHESHIRE, GALLIA COUNTY*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009 and 2008*  
*Unaudited*

---

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to April Stinson, Fiscal Officer, Village of Cheshire, Gallia County, P.O. Box 276, Cheshire, OH 45620.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Statement of Net Assets*

*December 31, 2009*

---

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$85,987</u>
<i>Total Assets</i>	<u>85,987</u>
<b><u>Net Assets:</u></b>	
Restricted for:	
Other Purposes	9,640
Unrestricted	<u>76,347</u>
<i>Total Net Assets</i>	<u><u>\$85,987</u></u>

See accompanying notes to the basic financial statements.



**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Statement of Activities*

*For the Year Ended December 31, 2009*

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
General Government	\$54,679	\$157	\$0	(\$54,522)
Security of Persons and Property	20,647	0	0	(20,647)
Leisure Time Activities	60	0	0	(60)
Community Environment	500	0	0	(500)
Basic Utility Services	430	0	0	(430)
Transportation	9,278	0	10,685	1,407
<i>Debt Service:</i>				
Principal Retirement	2,000	0	0	(2,000)
<i>Total Governmental Activities</i>	<u>\$87,594</u>	<u>\$157</u>	<u>\$10,685</u>	<u>(76,752)</u>
 <b><u>General Receipts:</u></b>				
Property Taxes				849
Grants and Entitlements not Restricted to Specific Programs				63,384
Miscellaneous				13,685
<i>Total General Receipts</i>				<u>77,918</u>
Change in Net Assets				1,166
<i>Net Assets at Beginning of Year</i>				<u>84,821</u>
<i>Net Assets at End of Year</i>				<u><u>\$85,987</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2009*

---

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$76,347	\$5,201	\$4,439	\$85,987
<i>Total Assets</i>	<u>76,347</u>	<u>5,201</u>	<u>4,439</u>	<u>85,987</u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	579	0	0	579
<i>Unreserved</i>				
General Fund	75,768	0	0	75,768
Special Revenue Funds	<u>0</u>	<u>5,201</u>	<u>4,439</u>	<u>9,640</u>
<i>Total Fund Balances</i>	<u>\$76,347</u>	<u>\$5,201</u>	<u>\$4,439</u>	<u>\$85,987</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2009

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>				
Property Taxes	\$849	\$0	\$0	\$849
Fines, Licenses and Permits	157	0	0	157
Intergovernmental	63,384	9,707	978	74,069
Miscellaneous	13,685	0	0	13,685
<i>Total Receipts</i>	<u>78,075</u>	<u>9,707</u>	<u>978</u>	<u>88,760</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	54,679	0	0	54,679
Security of Persons and Property	20,647	0	0	20,647
Leisure Time Activities	60	0	0	60
Community Environment	500	0	0	500
Basic Utility Services	430	0	0	430
Transportation	0	8,324	954	9,278
<i>Debt Service:</i>				
Principal Retirement	800	0	1,200	2,000
<i>Total Disbursements</i>	<u>77,116</u>	<u>8,324</u>	<u>2,154</u>	<u>87,594</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>959</u>	<u>1,383</u>	<u>(1,176)</u>	<u>1,166</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	0	1,200	1,200
Transfers Out	(1,200)	0	0	(1,200)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,200)</u>	<u>0</u>	<u>1,200</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(241)	1,383	24	1,166
<i>Fund Balances at Beginning of Year</i>	<u>76,588</u>	<u>3,818</u>	<u>4,415</u>	<u>84,821</u>
<i>Fund Balances at End of Year</i>	<u>\$76,347</u>	<u>\$5,201</u>	<u>\$4,439</u>	<u>\$85,987</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
General Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$1,247	\$1,247	\$849	(\$398)
Intergovernmental	60,450	60,450	63,384	2,934
Fines, Licenses and Permits	5,200	5,200	157	(5,043)
Earnings on Investments	3,250	3,250	0	(3,250)
Miscellaneous	10,500	10,500	13,685	3,185
<i>Total Receipts</i>	80,647	80,647	78,075	(2,572)
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	66,916	66,916	55,115	11,801
Security of Persons and Property	21,299	21,299	20,790	509
Leisure Time Activities	100	100	60	40
Basic Utility Services	500	500	430	70
Community Environment	500	500	500	0
<i>Debt Service:</i>				
Principal Retirement	800	800	800	0
<i>Total Disbursements</i>	90,115	90,115	77,695	12,420
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,468)	(9,468)	380	9,848
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers Out	(1,200)	(1,200)	(1,200)	0
<i>Total Other Financing Sources (Uses)</i>	(1,200)	(1,200)	(1,200)	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(10,668)	(10,668)	(820)	9,848
<i>Fund Balance at Beginning of Year</i>	76,588	76,588	76,588	0
<i>Fund Balance at End of Year</i>	\$65,920	\$65,920	\$75,768	\$9,848

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Street Construction Maintenance and Repair Fund*  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	6,500	6,500	9,707	3,207
Earnings on Investments	200	200	0	(200)
<i>Total Receipts</i>	6,700	6,700	9,707	3,007
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Transportation	10,500	10,500	8,324	2,176
<i>Total Disbursements</i>	10,500	10,500	8,324	2,176
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,800)	(3,800)	1,383	5,183
<i>Fund Balance at Beginning of Year</i>	3,818	3,818	3,818	0
<i>Fund Balance at End of Year</i>	\$18	\$18	\$5,201	\$5,183

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Statement of Net Assets*

*December 31, 2008*

---

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$84,821</u>
<i>Total Assets</i>	<u>84,821</u>
<b><u>Net Assets:</u></b>	
Restricted for:	
Other Purposes	8,233
Unrestricted	<u>76,588</u>
<i>Total Net Assets</i>	<u><u>\$84,821</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Statement of Activities*

*For the Year Ended December 31, 2008*

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
General Government	\$96,438	\$750	\$0	(\$95,688)
Security of Persons and Property	27,208	0	0	(27,208)
Leisure Time Activities	699	0	0	(699)
Community Environment	1,386	500	0	(886)
Basic Utility Services	220	0	0	(220)
Transportation	9,760	0	11,175	1,415
<i>Debt Service:</i>				
Principal Retirement	1,200	0	0	(1,200)
<i>Total Governmental Activities</i>	<u>\$136,911</u>	<u>\$1,250</u>	<u>\$11,175</u>	<u>(124,486)</u>
<b><u>General Receipts:</u></b>				
Property Taxes				571
Grants and Entitlements not Restricted to Specific Programs				136,527
Earnings on Investments				131
Miscellaneous				4,615
<i>Total General Receipts</i>				<u>141,844</u>
Change in Net Assets				17,358
<i>Net Assets at Beginning of Year</i>				<u>67,463</u>
<i>Net Assets at End of Year</i>				<u>\$84,821</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2008*

---

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$76,588	\$8,233	\$84,821
<i>Total Assets</i>	<u>76,588</u>	<u>8,233</u>	<u>84,821</u>
 <b><u>Fund Balances:</u></b>			
<i>Unreserved</i>			
General Fund	76,588	0	76,588
Special Revenue Funds	<u>0</u>	<u>8,233</u>	<u>8,233</u>
<i>Total Fund Balances</i>	<u><u>\$76,588</u></u>	<u><u>\$8,233</u></u>	<u><u>\$84,821</u></u>

See accompanying notes to the basic financial statements.



**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>			
Property Taxes	\$571	\$0	\$571
Fines, Licenses and Permits	1,250	0	1,250
Intergovernmental	136,527	11,175	147,702
Earnings on Investments	99	32	131
Miscellaneous	4,615	0	4,615
<i>Total Receipts</i>	<u>143,062</u>	<u>11,207</u>	<u>154,269</u>
<b><u>Disbursements:</u></b>			
<i>Current:</i>			
General Government	96,438	0	96,438
Security of Persons and Property	27,208	0	27,208
Leisure Time Activities	699	0	699
Community Environment	1,386	0	1,386
Basic Utility Services	220	0	220
Transportation	0	9,760	9,760
<i>Debt Service:</i>			
Principal Retirement	0	1,200	1,200
<i>Total Disbursements</i>	<u>125,951</u>	<u>10,960</u>	<u>136,911</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,111</u>	<u>247</u>	<u>17,358</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Transfers In	0	1,200	1,200
Transfers Out	(1,200)	0	(1,200)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,200)</u>	<u>1,200</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	15,911	1,447	17,358
<i>Fund Balances at Beginning of Year</i>	<u>60,677</u>	<u>6,786</u>	<u>67,463</u>
<i>Fund Balances at End of Year</i>	<u><u>\$76,588</u></u>	<u><u>\$8,233</u></u>	<u><u>\$84,821</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
General Fund  
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$739	\$1,139	\$571	(\$568)
Intergovernmental	57,012	60,785	136,527	75,742
Fines, Licenses and Permits	2,204	2,350	1,250	(1,100)
Earnings on Investments	150	150	99	(51)
Miscellaneous	10,319	11,000	4,615	(6,385)
<i>Total Receipts</i>	70,424	75,424	143,062	67,638
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	99,639	99,151	96,438	2,713
Security of Persons and Property	28,478	28,337	27,208	1,129
Leisure Time Activities	1,104	1,100	699	401
Basic Utility Services	500	500	220	280
Community Environment	1,695	1,680	1,386	294
<i>Total Disbursements</i>	131,416	130,768	125,951	4,817
<i>Excess of Receipts Over (Under) Disbursements</i>	(60,992)	(55,344)	17,111	72,455
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	0	50	0	(50)
Transfers Out	(1,200)	(1,200)	(1,200)	0
<i>Total Other Financing Sources (Uses)</i>	(1,200)	(1,150)	(1,200)	(50)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(62,192)	(56,494)	15,911	72,405
<i>Fund Balance at Beginning of Year</i>	60,677	60,677	60,677	0
<i>Fund Balance at End of Year</i>	(\$1,515)	\$4,183	\$76,588	\$72,405

See accompanying notes to the basic financial statements.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 1 – Reporting Entity**

The Village of Cheshire, Gallia County, Ohio (the Village), 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 publicly elected six-member Village Council. The Village also has an elected Mayor and Fiscal Officer.

The Village provides general government services and maintenance of Village streets and bridges. The Village of Middleport, Meigs County provides the Village with fire protection on a contract basis.

The Village participates in the Ohio Government Risk Management Plan (the “Plan”), a public entity risk-sharing pool. Note 6 to the financial statements provide 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 Note 2.C, 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Village’s accounting policies.

**A. Basis of Presentation**

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Village has no business-type activities.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009 and 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental 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 that is 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 function is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds 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 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.

**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are all governmental.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is the Village's major governmental fund in 2009:

**General Fund** – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Street Construction Maintenance and Repair Fund** – This fund receives gasoline tax and motor vehicle license tax money to pay for constructing, maintaining and repairing Village streets.

The following is the Village's major governmental funds in 2008:

**General Fund** – This fund is used to account for all financial resources, except those required to be accounted for 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 grants and other resources whose use is restricted to a particular purpose.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009 and 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. 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.

**D. 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 the Village may appropriate.

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund, function and 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 Fiscal Officer. 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 the Village.

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 the Village during the year. On the cash basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year cash disbursements for governmental funds.

**E. Cash and Investments**

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2009 and 2008, the Village had no investments.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009 and 2008*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**F. Inventory and Prepaid Items**

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

**G. 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.

**H. 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.

**I. 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 9 and 10 the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

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

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

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

**L. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances in 2009.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**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 and the State Highway Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Differences between the budgetary basis and the cash basis are due to encumbrances. The table below presents those differences for the village for fiscal year 2009.

	General	Street Construction Maintenance and Repair
Budgetary Basis Fund Balance	\$75,768	\$5,201
Encumbrances	579	0
Cash Basis Fund Balance	\$76,347	\$5,201

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies 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 the Trustees have 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.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Village name. During fiscal years 2009 and 2008, the Village complied with the provisions of these statutes.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 4 – Deposits and Investments** - (continued)

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
9. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized ratings agencies.

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 investment may be made only upon delivery of the securities representing the investments to the treasurer of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposits and Investment Risk Disclosures."



**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 4 – Deposits and Investments** - (continued)

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

At December 31, 2009, the carrying amount of all Village deposits was \$85,987; at December 31, 2008, the carrying amount of all Village deposits was \$84,821. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2009 and 2008, the Village's bank balance of \$93,149 and \$94,255, respectively, was covered by Federal Deposit Insurance.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by April 30. Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2009 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Village prior to June 30.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 5 – Property Taxes** - (continued)

The full tax rate for all Village operations for the year ended December 31, 2009, was \$0.30 mills per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

	2009	2008
Real Property	\$2,591,190	\$2,362,670
Tangible Personal Property	239,730	162,350
Total Assessed Value	<u>\$2,830,920</u>	<u>\$2,525,020</u>

**Note 6 – Risk Management**

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008 (the latest information available). The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision, and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 40 members as of December 31, 2008 (the latest information available). The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 6 – Risk Management** - (continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7- Long-Term Obligations**

A schedule of changes in long-term obligations of the Village during 2009 follows:

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09	Amount Due in One Year
<b>Governmental Fund Types:</b>					
OWDA Loan - 0.00%	\$2,000	\$0	\$2,000	\$0	\$0
Total Governmental Fund Types	\$2,000	\$0	\$2,000	\$0	\$0

A schedule of changes in long-term obligations of the Village during 2008 follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amount Due in One Year
<b>Governmental Fund Types:</b>					
OWDA Loan - 0.00%	\$3,200	\$0	\$1,200	\$2,000	\$2,000
Total Governmental Fund Types	\$3,200	\$0	\$1,200	\$2,000	\$2,000

The Ohio Water Development Authority (OWDA) Loan, originating in 1998, was a feasibility study for the design of a wastewater system. The study was complete and the original loan was for \$19,221 at 5.65%. In September, 2003 an agreement was reached with OWDA for the repayment of this loan at 0%.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 8 – Interfund Transfers**

During 2009 the following transfers were made:

Transfers from the General Fund to:	
Other Capital Projects	\$1,200
Total Transfers from the General Fund	<u>\$1,200</u>

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Other Capital Projects	\$1,200
Total Transfers from the General Fund	<u>\$1,200</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were made to make principal retirement payments for OWDA debt.

**Note 9 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2009, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Village's contribution rate for pension benefits for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.63 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009 and 2008**

---

**Note 9 – Defined Benefit Pension Plan** - (continued)

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Village's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$5,320, \$8,110, and \$5,444, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**Note 10 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14.0 percent of covered payroll (17.63 percent for public safety and law enforcement); 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009 of covered payroll was the portion that was used to fund health care. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement); 7 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 3.0 percent annually for the next eight years and 4 percent annually after six years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2009 and 2008, the number of active contributing participants in the traditional and combined plans was 358,584 and 356,388, respectively. Actual employer contributions for 2009 and 2008 which were used to fund postemployment benefits were \$10,334 and \$12,280, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$29.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.9 billion and \$10.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2009. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Independent Accountants' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Members of Council  
Village of Cheshire, Gallia County  
P.O. Box 276  
Cheshire, Ohio 45620-0276

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate fund information of the Village of Cheshire, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 4, 2010. As discussed in Note 2, the Village followed the cash basis of accounting which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

*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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Members of Council  
Village of Cheshire, Gallia County  
Independent Accountants' Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters that we reported to the Village's management in a separate letter dated June 4, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Members of Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

June 4, 2010

**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2009 and 2008**

---

***Finding Number 2009-001***

**Financial Record Keeping and Reporting -Material Weakness**

Rule 117-2-01(A) and 117-2-01(B)(1) of the Ohio Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustment was made to the December 31, 2009 financial statements:

To reclassify Principal Retirement from Security of Persons and Property and General Government in the Governmental Activities and General Fund.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data throughout the year.

**Officials Response**

The Village Fiscal Officer has indicated that she will review the requirements and maintain the ledgers as prescribed.



**VILLAGE OF CHESHIRE, GALLIA COUNTY**  
**Schedule of Prior Audit Findings**  
**For the Years Ended December 31, 2009 and 2008**

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2007-01	Financial Record Keeping and Reporting- Audit adjustments were needed to correct the Village's financial statements.	Not Corrected	Reissued as finding 2009-01
2007-02	Ohio Rev. Code Section 5705.36(A)(4) requires a reduced amended certificate of resources when actual resources will fall below the level of appropriations.	Corrected	N/A

**This Page is Intentionally Left Blank.**



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF CHESHIRE**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 18, 2010**