



**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

FOR THE YEAR ENDED DECEMBER 31, 2007 - REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006 - SINGLE AUDIT



Mary Taylor, CPA
Auditor of State

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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Mary Taylor, CPA
Auditor of State

Bainbridge Township
Geauga County
17826 Chillicothe Road
Chagrin Falls, Ohio 44023

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

November 10, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bainbridge Township
Geauga County
17826 Chillicothe Road
Chagrin Falls, Ohio 44023

To the Board of Trustees:

We have audited the accompanying financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and December 31, 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Bainbridge Township, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements that collectively comprise the Township's combined financial statements. The schedule of federal awards expenditures for the year ended December 31, 2006 is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the combined financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the combined financial statements. In our opinion, this information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

November 10, 2009

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$599,397	\$5,643,547	\$0	\$0	\$6,242,944
Charges for Services	80,471	55,071	0	0	135,542
Licenses, Permits, and Fees	35,737	0	0	0	35,737
Fines and Forfeitures	21,724	0	0	0	21,724
Intergovernmental	804,183	1,128,715	0	0	1,932,898
Special Assessments	0	8,663	0	0	8,663
Earnings on Investments	758,032	2,403	0	0	760,435
Miscellaneous	114,426	56,294	0	0	170,720
Total Cash Receipts	2,413,970	6,894,693	0	0	9,308,663
Cash Disbursements:					
Current:					
General Government	1,363,866	0	0	0	1,363,866
Public Safety	83,894	3,705,884	0	0	3,789,778
Public Works	34,034	2,707,104	0	0	2,741,138
Health	12,724	27,880	0	43,935	84,539
Conservation - Recreation	341,515	0	0	0	341,515
Capital Outlay	9,356	54,530	0	1,160	65,046
Debt Service:					
Redemption of Principal	0	0	190,000	0	190,000
Interest and Other Fiscal Charges	0	0	165,305	0	165,305
Total Cash Disbursements	1,845,389	6,495,398	355,305	45,095	8,741,187
Total Receipts Over/(Under) Disbursements	568,581	399,295	(355,305)	(45,095)	567,476
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	5,400	0	0	0	5,400
Transfers-In	0	0	0	30,560	30,560
Transfers-Out	(30,560)	0	0	0	(30,560)
Advances-In	4,000	0	0	0	4,000
Advances-Out	0	(4,000)	0	0	(4,000)
Other Financing Sources	21,276	0	0	0	21,276
Total Other Financing Receipts / (Disbursements)	116	(4,000)	0	30,560	26,676
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	568,697	395,295	(355,305)	(14,535)	594,152
Fund Cash Balances, January 1, 2007	5,076,215	3,290,713	6,196,925	363,506	14,927,359
Fund Cash Balances, December 31, 2007	\$5,644,912	\$3,686,008	\$5,841,620	\$348,971	\$15,521,511
Reserve for Encumbrances, December 31, 2007	\$92,576	\$190,721	\$0	\$2,350	\$285,647

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

	Fiduciary Fund Types		Totals (Memorandum Only)
	Non- Expendable Trust	Agency	
Operating Cash Receipts:			
Licenses, Permits and Fees	\$0	\$32,305	\$32,305
Earnings on Investments	11	0	11
Total Operating Cash Receipts	11	32,305	32,316
Operating Cash Disbursements:			
Other	0	21,070	21,070
Total Operating Cash Disbursements	0	21,070	21,070
Operating Income/(Loss)	11	11,235	11,246
Fund Cash Balances, January 1, 2007	2,125	3,350	5,475
Fund Cash Balances, December 31, 2007	<u>\$2,136</u>	<u>\$14,585</u>	<u>\$16,721</u>

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$257,785	\$5,740,553	\$356,410	\$0	\$6,354,748
Charges for Services	34,302	53,460	0	0	87,762
Licenses, Permits, and Fees	54,708	0	0	0	54,708
Fines and Forfeitures	31,982	0	0	0	31,982
Intergovernmental	1,770,128	954,293	0	0	2,724,421
Special Assessments	0	11,667	0	0	11,667
Earnings on Investments	593,811	2,071	0	6,952	602,834
Miscellaneous	435,614	99,800	0	0	535,414
Total Cash Receipts	3,178,330	6,861,844	356,410	6,952	10,403,536
Cash Disbursements:					
Current:					
General Government	1,443,133	0	0	0	1,443,133
Public Safety	0	3,704,479	0	0	3,704,479
Public Works	22,416	2,844,448	0	0	2,866,864
Health	12,804	10,102	0	0	22,906
Conservation - Recreation	357,310	0	0	0	357,310
Capital Outlay	10,815	481,349	0	304	492,468
Debt Service:					
Redemption of Principal	0	0	185,000	0	185,000
Interest and Other Fiscal Charges	0	0	171,410	0	171,410
Total Cash Disbursements	1,846,478	7,040,378	356,410	304	9,243,570
Total Receipts Over/(Under) Disbursements	1,331,852	(178,534)	0	6,648	1,159,966
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	3,650	0	0	0	3,650
Transfers-In	0	0	6,077,440	175,000	6,252,440
Transfers-Out	(6,252,440)	0	0	0	(6,252,440)
Advances-In	0	1,000	0	0	1,000
Advances-Out	(1,000)	0	0	0	(1,000)
Other Financing Sources	69,142	0	0	0	69,142
Total Other Financing Receipts / (Disbursements)	(6,180,648)	1,000	6,077,440	175,000	72,792
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(4,848,796)	(177,534)	6,077,440	181,648	1,232,758
Fund Cash Balances, January 1, 2006	9,925,011	3,468,247	119,485	181,858	13,694,601
Fund Cash Balances, December 31, 2006	\$5,076,215	\$3,290,713	\$6,196,925	\$363,506	\$14,927,359
Reserve for Encumbrances, December 31, 2006	\$43,908	\$129,491	\$0	\$0	\$173,399

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

	Fiduciary Fund Types		Totals (Memorandum Only)
	Non- Expendable Trust	Agency	
Operating Cash Receipts:			
Licenses, Permits and Fees	\$0	\$3,350	\$3,350
Earnings on Investments	11	0	11
 Total Operating Cash Receipts	 11	 3,350	 3,361
 Operating Income/(Loss)	 11	 3,350	 3,361
 Fund Cash Balances, January 1, 2006	 2,114	 0	 2,114
 Fund Cash Balances, December 31, 2006	 \$2,125	 \$3,350	 \$5,475

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Bainbridge Township, Geauga County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including police and fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit, repurchase agreements, and U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Police District Fund - This fund receives property tax money which is used to provide police protection to Township residents.

Special Fire Levy Fund - This fund receives property tax money which is used to operate the Township's fire department and emergency medical services.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund - This fund receives property tax and transfers which are used to retire debt issued for the construction of the police station.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construct of major capital projects. The Township had the following significant Capital Project Funds:

Miscellaneous Capital Projects Fund - This fund received proceeds from the issuance of debt to pay for the construction of a new police station.

Capital Project Cemetery Expansion Fund - This fund received transfers from the general fund for the construction of the Township's cemetery.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund receives interest which is used for the beautification and maintenance of the Township's cemetery.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's had the following significant Agency Fund.

Agency Fund - This fund receives security deposits for the Township's rental facilities.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting under by the Township.

2. Equity in Pooled Cash and Investments

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

2. Equity in Pooled Cash and Investments (Continued)

	2007	2006
Demand deposits	(\$99,462)	(\$124,212)
Certificate of deposits	192,000	192,000
Total deposits	<u>92,538</u>	<u>67,788</u>
U.S. Treasury Notes	9,708,138	11,009,334
STAR Ohio	3,240,961	3,290,496
Repurchase agreement	482,786	32,174
Money market mutual fund	2,013,809	533,042
Total investments	<u>15,445,694</u>	<u>14,865,046</u>
Total deposits and investments	<u><u>\$15,538,232</u></u>	<u><u>\$14,932,834</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. A financial institution's trust department holds the Township's repurchase agreement in book-entry form in the Township's name. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

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

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,629,605	\$2,444,646	(\$4,184,959)
Special Revenue	9,943,204	6,894,693	(3,048,511)
Debt Service	0	0	0
Capital Projects	188,506	30,560	(157,946)
Non-Expendable Trust	3,350	11	(3,339)
Total	<u><u>\$16,764,665</u></u>	<u><u>\$9,369,910</u></u>	<u><u>(\$7,394,755)</u></u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,500,000	\$1,968,525	\$531,475
Special Revenue	9,943,403	6,690,119	3,253,284
Debt Service	355,305	355,305	0
Capital Projects	363,306	47,445	315,861
Total	<u><u>\$13,162,014</u></u>	<u><u>\$9,061,394</u></u>	<u><u>\$4,100,620</u></u>

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,407,978	\$3,251,122	(\$9,156,856)
Special Revenue	9,538,223	6,862,844	(2,675,379)
Debt Service	6,433,850	6,433,850	0
Capital Projects	531,859	181,952	(349,907)
Non-Expendable Trust	2,114	11	(2,103)
Total	\$28,914,024	\$16,729,779	(\$12,184,245)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,458,123	\$8,143,826	(\$5,685,703)
Special Revenue	9,646,472	7,169,869	2,476,603
Debt Service	356,410	356,410	0
Capital Projects	183,609	304	183,305
Total	\$12,644,614	\$15,670,409	(\$3,025,795)

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund in the amount of \$5,685,703 for the year ended December 31, 2006.

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

5. Debt

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	<u>\$4,165,000</u>	3.30% - 4.375%
Total	<u><u>\$4,165,000</u></u>	

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

Year ending December 31:	<u>General Obligation Bonds</u>
2008	\$354,035
2009	352,600
2010	351,000
2011	349,235
2012	352,305
2013-2017	1,787,625
2018-2022	1,810,023
2023	365,313
Total	<u><u>\$5,722,136</u></u>

6. Retirement Systems

The Township's law enforcement officers, some firefighters, and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

Effective August 3, 1992, new part-time Township fire-fighters are no longer covered by OPERS and must contribute to social security. The Township liability is 6.2 percent of wages paid.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health, dental and life insurance to full-time employees through a private carrier.

8. Contingent Liabilities

The Township is defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION</u>		
Passed Through Ohio Department of Transportation:		
Highway Planning and Construction	20.205	<u>\$1,293,320</u>
Total U.S. Department of Highway Administration		<u>1,293,320</u>
Total Federal Assistance		<u><u>\$1,293,320</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Township's federal award program. The schedule has been prepared on the cash basis of accounting.

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

Bainbridge Township
Geauga County
17826 Chillicothe Road
Chagrin Falls, Ohio 44023

To the Board of Trustees:

We have audited the financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated November 10, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated November 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 10, 2009.

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

We intend this report solely for the information and use of the audit committee, management, Township Board of Trustees, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 10, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Bainbridge Township
Geauga County
17826 Chillicothe Road
Chagrin Falls, Ohio 44023

To the Board of Trustees:

Compliance

We have audited the compliance of Bainbridge Township, Geauga County, Ohio, (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Township's major federal program. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Bainbridge Township complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to administer a federal program such that there is more than a remote likelihood that the Township's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Township's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 10, 2009

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction CFDA# 20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Expenditures Plus Encumbrances In Excess of Appropriations

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure or encumbrance unless it has been properly appropriated. Budgetary expenditures as enacted by the Township may not exceed appropriations at the legal level of controls for each fund. As of December 31, 2006 the general fund had expenditures plus encumbrances in excess of appropriations in the amount of \$5,685,703.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Official's Response:

The Township will monitor this in the future.

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

BAINBRIDGE TOWNSHIP

GEAUGA 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
DECEMBER 8, 2009**