



VILLAGE OF BAINBRIDGE, ROSS COUNTY

Regular Audit

**For the Years Ended
December 31, 2011 and 2010**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Members of Council
Village of Bainbridge
118 East Main Street
PO Box 551
Bainbridge, Ohio 45612-0551

We have reviewed the *Independent Auditors' Report* of the Village of Bainbridge, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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 Bainbridge is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 22, 2012

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Independent Auditor's Report

Village Council
Village of Bainbridge, Ross County
P.O. Box 551
Bainbridge, Ohio 45612

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Bainbridge (the Village), Ross County as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic 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. As described in Note 10, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2011 and 2010, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds 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 March 30, 2012 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.

Village Council
Village of Bainbridge, Ross 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.

March 30, 2012

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

This discussion and analysis of the Village of Bainbridge's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011 and 2010, 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 2011 are as follows:

Net assets of governmental activities decreased \$22,830, or 5.23 percent. The fund most affected by the decrease in cash and cash equivalents was the Street Maintenance and Repair, which decreased by the amount of \$35,809.

Program receipts accounted for \$56,903 or 27.50 percent of total receipts. General receipts accounted for \$150,038 or 72.50 percent of total receipts. The Village's general receipts are primarily property taxes.

The Village had \$229,771 in disbursements; \$56,903 of these disbursements was offset by programs specific charges for services. General receipts of \$150,038 were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$148,472 in receipts and \$125,901 in disbursements.

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$41,018 or 10.38 percent. Among the major funds, the Street Maintenance and Repair Fund had the most significant increase in net assets which was \$36,411 or 9.22 percent of the total governmental net assets.

Program receipts accounted for \$60,135 or 31.47 percent of total receipts. General receipts accounted for \$130,964 or 68.53 percent of total receipts. The Village's general receipts are primarily property taxes.

The Village had \$150,081 in disbursements; \$60,135 of these disbursements was offset by programs specific charges for services. General receipts of \$130,964 and net assets carried over from the prior year were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$128,579 in receipts and \$140,018 in disbursements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
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 2011 and 2010, 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 BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
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In the statement of net assets and the statement of activities, the Village consists of two types of activities:

Governmental Activities - All of the Village's basic services are reported here, including police, fire, streets and general government services. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services include water and sewer operations. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

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 two categories: governmental and proprietary.

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, Street Maintenance and Repair, and Fire Levy. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Village charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Proprietary funds are the same services as those in the business-type activities. The Village's major proprietary funds are the Water and Sewer Funds.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 and 2009 on a cash basis:

	Net Assets					
	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
Assets						
Cash and Cash Equivalents	\$413,319	\$436,061	\$395,043	\$410,742	\$435,511	\$440,575
Total Assets	<u>413,319</u>	<u>436,061</u>	<u>395,043</u>	<u>410,742</u>	<u>435,511</u>	<u>440,575</u>
Net Assets						
<i>Restricted for:</i>						
Capital Projects	0	0	0	169,001	154,407	198,301
Other Pupos	173,794	219,195	166,738	0	0	81,860
Unrestricted	<u>239,525</u>	<u>216,866</u>	<u>228,305</u>	<u>241,741</u>	<u>281,104</u>	<u>160,414</u>
Total Net Assets	<u><u>\$413,319</u></u>	<u><u>\$436,061</u></u>	<u><u>\$395,043</u></u>	<u><u>\$410,742</u></u>	<u><u>\$435,511</u></u>	<u><u>\$440,575</u></u>

As mentioned previously, governmental activities net assets decreased \$22,830 or 5.23 percent during 2011. The primary reasons contributing to the decrease in cash balances were because the Village was not able to keep disbursements below the receipts during 2011, as they try to control spending.

Business-type activities net assets decreased \$24,769 during 2011. The primary reason contributing to the decrease in cash balances is the disbursements exceeding the receipts.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Table 2 reflects the changes in net assets in 2011, 2010 and 2009.

(Table 2)
Changes in Net Assets

	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Sales and Services	\$15,350	\$15,350	\$14,015	\$201,000	\$198,854	\$282,416
Operating Grants and Contributions	41,553	44,785	42,965	0	0	0
Capital Grants and Contributions	0	0	0	0	0	0
Total Program Receipts	56,903	60,135	56,980	201,000	198,854	282,416
<i>General Receipts:</i>						
Property Taxes	54,784	53,360	55,187	0	0	0
Grants and Entitlements Not Restricted to Specific Programs	73,579	53,147	70,415	0	0	0
Interest	4,959	6,207	8,813	0	0	0
Proceeds of Loans	0	0	0	0	0	0
Miscellaneous	16,716	18,249	5,392	0	0	0
Total General Receipts	150,038	130,963	139,807	0	0	0
Total Receipts	206,941	191,098	196,787	201,000	198,854	282,416
<u>Disbursements:</u>						
General Government	57,637	88,538	80,072	0	0	0
Security of Persons and Property	76,905	45,278	37,087	0	0	0
Leisure Time Activities	1,817	3,741	1,436	0	0	0
Transportation	88,685	5,868	52,353	0	0	0
Capital Outlay	4,727	6,656	0	0	0	0
Other	0	0	0	0	0	0
Water	0	0	0	185,775	171,523	174,504
Sewer	0	0	0	39,994	32,395	34,000
Total Disbursements	229,771	150,081	170,948	225,769	203,918	208,504
Increase (Decrease) in Net Assets	(22,830)	41,017	25,839	(24,769)	(5,064)	73,912
Net Assets, January 1 *	436,149	395,043	369,204	435,511	440,575	366,663
Net Assets, December 31	\$413,319	\$436,060	\$395,043	\$410,742	\$435,511	\$440,575

*See note 10 for Prior Year Restatement.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Governmental Activities

Program receipts represent 27.50 percent of total receipts for 2011, 31.47 percent of total receipts for 2010 and 28.96 percent of total receipts for 2009. Program receipts are primarily comprised of charges for services.

General receipts represent 72.50 percent of total receipts for 2011, 68.53 percent of total receipts for 2010, and 71.04 percent of total receipts for 2009. General receipts are comprised of property taxes, grants and entitlements not restricted to specific programs, interest and miscellaneous receipts. Property taxes represent 26.47 percent of total receipts in 2011, 27.92 percent in 2010 and 28.04 percent in 2009.

The most significant program disbursements for the Village are Security of Persons and Property and General Government. These programs account for 58.55 percent of total disbursements in 2011, 89.16 percent in 2010 and 68.53 in 2009. Security of Persons and Property, which accounts for 33.47 percent of the total in 2011, 30.17 percent in 2010, and 21.69 percent in 2009, represents the costs of providing Fire Protection services to the residents of the Village. General Government, which accounts for 25.08 percent of the total in 2011, 58.99 percent in 2010, and 46.84 percent in 2009, represents the general operating costs of the Village.

If you look at the 2011 Statement of Activities on page 12 and the 2010 Statement of Activities on page 21 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 next column of the Statement entitled Program Receipts identify 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)
Governmental Activities

	<u>Total Cost</u> <u>Of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>Of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>Of Services</u>
	2011	2011	2010	2010	2009	2009
General Government	\$57,637	\$57,637	\$88,538	\$88,538	\$80,072	\$80,072
Security of Persons & Property	76,905	60,404	45,278	27,943	37,087	21,127
Leisure Time Activities	1,817	1,817	3,741	3,741	1,436	1,436
Transportation	88,685	48,283	5,868	(36,932)	52,353	11,333
Capital Outlay	4,727	4,727	6,656	6,656	0	0
Other	0	0	0	0	0	0
Total Expenses	\$229,771	\$172,868	\$150,081	\$89,946	\$170,948	\$113,968

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Business-Type Activities

The business-type activities of the Village, which include its water and sewer operations, decreased in net assets by \$24,769 in 2011, decreased in net assets by \$5,064 in 2010 and increased in net assets by \$73,912 in 2009. A significant decrease in net assets in total in the business-type activities for 2011 is due to an increase in disbursement activity of \$21,851 or 10.72 percent.

Governmental Funds

Total governmental funds had receipts of \$206,941 and disbursements of \$229,771 in 2011. There was a \$22,830 margin of difference between the receipts and disbursements for 2011.

Total governmental funds had receipts of \$191,099 and disbursements of \$150,081 in 2010. There was a \$41,018 margin of difference between the receipts and disbursements for 2010.

Proprietary Funds

The Village's two major enterprise funds are the Water and Sewer Funds which, at year end, had net assets of \$227,584 for 2011 and \$265,054 for 2010, \$183,158 for 2011 and \$170,457 for 2010, respectively. During 2011, the Water Fund net assets decreased by \$37,470 and the Sewer Fund net assets increased by \$12,701.

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.

For the General Fund final budgeted receipts for 2011 were \$118,203 representing a \$20 change from the original budgeted receipts of \$118,183, while actual receipts were \$148,472. The difference between final budgeted receipts and actual receipts was \$30,269.

General Fund final disbursements were budgeted at \$283,850 for 2011 representing no change from the original budgeted disbursements, while actual disbursements were \$125,901. The difference between final budgeted disbursements and actual disbursements was \$157,949.

For the General Fund final budgeted receipts for 2010 were \$114,262 representing a \$3,941 change from the original budgeted receipts of \$118,203, while actual receipts were \$128,579. The difference between final budgeted receipts and actual receipts was \$14,317.

General Fund final disbursements were budgeted at \$288,200 for 2010 representing no change from the original budgeted disbursements, while actual disbursements were \$140,018. The difference between final budgeted disbursements and actual disbursements was \$148,182.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Debt Administration

At December 31, 2011, the Village has a total of \$218,689 in outstanding debt.

At December 31, 2010, the Village had a total of \$227,423 in outstanding debt.

Additional information concerning the Village's debt can be found in note 9 of the notes to the financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Village relies heavily on local taxes and business type receipts to operate at the current level of services.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village'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 Kathy Stanley, Fiscal Officer for Village of Bainbridge, Ross County, Ohio at P.O. Box 551, Bainbridge, OH 45612.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Net Assets - Cash Basis

December 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$413,319	\$410,742	\$824,061
<i>Total Assets</i>	<u>413,319</u>	<u>410,742</u>	<u>824,061</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	169,001	169,001
Other Purposes	173,794	0	173,794
Unrestricted	<u>239,525</u>	<u>241,741</u>	<u>481,266</u>
<i>Total Net Assets</i>	<u><u>\$413,319</u></u>	<u><u>\$410,742</u></u>	<u><u>\$824,061</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>						
General Government	\$57,637	\$0	\$0	(\$57,637)	\$0	(\$57,637)
Security of Persons and Property	76,905	15,350	1,151	(60,404)	0	(60,404)
Leisure Time Activities	1,817	0	0	(1,817)	0	(1,817)
Transportation	88,685	0	40,402	(48,283)	0	(48,283)
Capital Outlay	4,727	0	0	(4,727)	0	(4,727)
<i>Total Governmental Activities</i>	<u>229,771</u>	<u>15,350</u>	<u>41,553</u>	<u>(172,868)</u>	<u>0</u>	<u>(172,868)</u>
<u>Business-Type Activities:</u>						
Water	185,775	148,305	0	0	(37,470)	(37,470)
Sewer	39,994	52,695	0	0	12,701	12,701
<i>Total Business-Type Activities</i>	<u>225,769</u>	<u>201,000</u>	<u>0</u>	<u>0</u>	<u>(24,769)</u>	<u>(24,769)</u>
<i>Totals Primary Government</i>	<u>\$455,540</u>	<u>\$216,350</u>	<u>\$41,553</u>	<u>(172,868)</u>	<u>(24,769)</u>	<u>(197,637)</u>
<u>General Receipts:</u>						
Property Taxes				54,784	0	54,784
Grants and Entitlements not Restricted to Specific Programs				73,579	0	73,579
Earnings on Investment				4,959	0	4,959
Miscellaneous				16,716	0	16,716
<i>Total General Receipts</i>				<u>150,038</u>	<u>0</u>	<u>150,038</u>
Change in Net Assets				(22,830)	(24,769)	(47,599)
<i>Net Assets at Beginning of Year , As Restated (See Note 10)</i>				<u>436,149</u>	<u>435,511</u>	<u>871,660</u>
<i>Net Assets at End of Year</i>				<u>\$413,319</u>	<u>\$410,742</u>	<u>\$824,061</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$239,525	\$43,372	\$77,871	\$52,551	\$413,319
<i>Total Assets</i>	<u>239,525</u>	<u>43,372</u>	<u>77,871</u>	<u>52,551</u>	<u>413,319</u>
<u>Fund Balances:</u>					
<i>Unreserved</i>					
Restricted	0	43,372	77,871	52,551	173,794
Unassigned	239,525	0	0	0	239,525
<i>Total Fund Balances</i>	<u><u>\$239,525</u></u>	<u><u>\$43,372</u></u>	<u><u>\$77,871</u></u>	<u><u>\$52,551</u></u>	<u><u>\$413,319</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$40,026	\$0	\$10,486	\$4,272	\$54,784
Charges for Services	15,350	0	0	0	15,350
Intergovernmental	73,579	37,372	1,151	3,030	115,132
Earnings on Investments	3,471	496	0	992	4,959
Miscellaneous	16,046	0	670	0	16,716
<i>Total Receipts</i>	<u>148,472</u>	<u>37,868</u>	<u>12,307</u>	<u>8,294</u>	<u>206,941</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	57,615	0	22	0	57,637
Security of Persons and Property	61,742	0	15,163	0	76,905
Leisure Time Activities	1,817	0	0	0	1,817
Transportation	0	73,677	0	15,008	88,685
Capital Outlay	4,727	0	0	0	4,727
<i>Total Disbursements</i>	<u>125,901</u>	<u>73,677</u>	<u>15,185</u>	<u>15,008</u>	<u>229,771</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	22,571	(35,809)	(2,878)	(6,714)	(22,830)
<i>Fund Balances at Beginning of Year, As Restated</i>	<u>216,954</u>	<u>79,181</u>	<u>80,749</u>	<u>59,265</u>	<u>436,149</u>
<i>Fund Balances at End of Year</i>	<u>\$239,525</u>	<u>\$43,372</u>	<u>\$77,871</u>	<u>\$52,551</u>	<u>\$413,319</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$42,760	\$42,780	\$40,026	(\$2,754)
Intergovernmental	48,678	48,678	73,579	24,901
Earnings on Investments	3,745	3,745	3,471	(274)
Charges for Services	15,000	15,000	15,350	350
Miscellaneous	8,000	8,000	16,046	8,046
<i>Total Receipts</i>	118,183	118,203	148,472	30,269
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	144,200	144,200	57,615	86,585
Security of Persons and Property	102,150	102,150	61,742	40,408
Public Health Services	500	500	0	500
Leisure Time Activities	20,000	20,000	1,817	18,183
Capital Outlay	17,000	17,000	4,727	12,273
<i>Total Disbursements</i>	283,850	283,850	125,901	157,949
<i>Excess of Receipts Over (Under) Disbursements</i>	(165,667)	(165,647)	22,571	188,218
<i>Fund Balance at Beginning of Year, As Restated</i>	216,954	216,954	216,954	0
<i>Fund Balance at End of Year</i>	\$51,287	\$51,307	\$239,525	\$188,218

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Street Maintenance and Repair Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Intergovernmental	\$30,088	\$30,088	\$37,372	\$7,284
Earnings on Investments	534	534	496	(38)
Miscellaneous	0	100	0	(100)
<i>Total Receipts</i>	<u>30,622</u>	<u>30,722</u>	<u>37,868</u>	<u>7,146</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Transportation	82,500	82,500	73,677	8,823
Capital Outlay	500	500	0	500
<i>Total Disbursements</i>	<u>83,000</u>	<u>83,000</u>	<u>73,677</u>	<u>9,323</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(52,378)	(52,278)	(35,809)	16,469
<i>Fund Balance at Beginning of Year</i>	<u>79,181</u>	<u>79,181</u>	<u>79,181</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$26,803</u></u>	<u><u>\$26,903</u></u>	<u><u>\$43,372</u></u>	<u><u>\$16,469</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Levy Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$9,900	\$9,900	\$10,486	\$586
Intergovernmental	970	970	1,151	181
Miscellaneous	1,918	0	670	670
<i>Total Receipts</i>	12,788	10,870	12,307	1,437
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	3,000	3,000	22	2,978
Security of Persons and Property	85,000	85,000	15,163	69,837
<i>Total Disbursements</i>	88,000	88,000	15,185	72,815
<i>Excess of Receipts Over (Under) Disbursements</i>	(75,212)	(77,130)	(2,878)	74,252
<i>Fund Balance at Beginning of Year</i>	80,749	80,749	80,749	0
<i>Fund Balance at End of Year</i>	\$5,537	\$3,619	\$77,871	\$74,252

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$227,584	\$183,158	\$410,742
<i>Total Assets</i>	<u>227,584</u>	<u>183,158</u>	<u>410,742</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	169,001	169,001
Unrestricted	<u>227,584</u>	<u>14,157</u>	<u>241,741</u>
<i>Total Net Assets</i>	<u><u>\$227,584</u></u>	<u><u>\$183,158</u></u>	<u><u>\$410,742</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2011

	Water	Sewer	Total Enterprise Funds
<u>Operating Receipts:</u>			
Charges for Services	\$148,305	\$52,695	\$201,000
<i>Total Operating Receipts</i>	<u>148,305</u>	<u>52,695</u>	<u>201,000</u>
<u>Operating Disbursements:</u>			
Personal Services	73,749	0	73,749
Employee Fringe Benefits	37,267	0	37,267
Contractual Services	25,094	39,994	65,088
Supplies and Materials	25,895	0	25,895
<i>Total Operating Disbursements</i>	<u>162,005</u>	<u>39,994</u>	<u>201,999</u>
<i>Operating Income (Loss)</i>	(13,700)	12,701	(999)
<u>Non-Operating Receipts (Disbursements)</u>			
Capital Outlay	(9,685)	0	(9,685)
Principal Retirement	(8,734)	0	(8,734)
Interest and Fiscal Charges	(5,351)	0	(5,351)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(23,770)</u>	<u>0</u>	<u>(23,770)</u>
<i>Change in Net Assets</i>	(37,470)	12,701	(24,769)
<i>Net Assets at Beginning of Year</i>	<u>265,054</u>	<u>170,457</u>	<u>435,511</u>
<i>Net Assets at End of Year</i>	<u><u>\$227,584</u></u>	<u><u>\$183,158</u></u>	<u><u>\$410,742</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Net Assets - Cash Basis

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$436,061	\$435,511	\$871,572
<i>Total Assets</i>	<u>436,061</u>	<u>435,511</u>	<u>871,572</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	154,407	154,407
Other Purposes	219,195	0	219,195
Unrestricted	<u>216,866</u>	<u>281,104</u>	<u>497,970</u>
<i>Total Net Assets</i>	<u><u>\$436,061</u></u>	<u><u>\$435,511</u></u>	<u><u>\$871,572</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<u>Governmental Activities:</u>						
General Government	\$88,538	\$0	\$0	(\$88,538)	\$0	(\$88,538)
Security of Persons and Property	45,278	15,350	1,985	(27,943)	0	(27,943)
Leisure Time Activities	3,741	0	0	(3,741)	0	(3,741)
Transportation	5,868	0	42,800	36,932	0	36,932
Capital Outlay	6,656	0	0	(6,656)	0	(6,656)
<i>Total Governmental Activities</i>	<u>150,081</u>	<u>15,350</u>	<u>44,785</u>	<u>(89,946)</u>	<u>0</u>	<u>(89,946)</u>
<u>Business-Type Activities:</u>						
Water	171,523	147,255	0	0	(24,268)	(24,268)
Sewer	32,395	51,599	0	0	19,204	19,204
<i>Total Business-Type Activities</i>	<u>203,918</u>	<u>198,854</u>	<u>0</u>	<u>0</u>	<u>(5,064)</u>	<u>(5,064)</u>
<i>Totals Primary Government</i>	<u>\$353,999</u>	<u>\$214,204</u>	<u>\$44,785</u>	<u>(89,946)</u>	<u>(5,064)</u>	<u>(95,010)</u>
<u>General Receipts:</u>						
Property Taxes				53,360	0	53,360
Grants and Entitlements not Restricted to Specific Programs				53,147	0	53,147
Earnings on Investment				6,207	0	6,207
Miscellaneous				18,250	0	18,250
<i>Total General Receipts</i>				<u>130,964</u>	<u>0</u>	<u>130,964</u>
Change in Net Assets				41,018	(5,064)	35,954
<i>Net Assets at Beginning of Year</i>				<u>395,043</u>	<u>440,575</u>	<u>835,618</u>
<i>Net Assets at End of Year</i>				<u>\$436,061</u>	<u>\$435,511</u>	<u>\$871,572</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$216,866	\$79,181	\$80,749	\$59,265	\$436,061
<i>Total Assets</i>	<u>216,866</u>	<u>79,181</u>	<u>80,749</u>	<u>59,265</u>	<u>436,061</u>
 <u>Fund Balances:</u>					
<i>Unreserved</i>					
General Fund	216,866	0	0	0	216,866
Special Revenue Funds	<u>0</u>	<u>79,181</u>	<u>80,749</u>	<u>59,265</u>	<u>219,195</u>
<i>Total Fund Balances</i>	<u><u>\$216,866</u></u>	<u><u>\$79,181</u></u>	<u><u>\$80,749</u></u>	<u><u>\$59,265</u></u>	<u><u>\$436,061</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$39,045	\$0	\$10,183	\$4,132	\$53,360
Charges for Services	15,350	0	0	0	15,350
Intergovernmental	53,147	39,590	1,985	3,210	97,932
Earnings on Investments	4,345	621	0	1,241	6,207
Miscellaneous	16,692	0	1,558	0	18,250
<i>Total Receipts</i>	<u>128,579</u>	<u>40,211</u>	<u>13,726</u>	<u>8,583</u>	<u>191,099</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	87,988	0	550	0	88,538
Security of Persons and Property	41,633	0	3,273	372	45,278
Leisure Time Activities	3,741	0	0	0	3,741
Transportation	0	3,800	0	2,068	5,868
Capital Outlay	6,656	0	0	0	6,656
<i>Total Disbursements</i>	<u>140,018</u>	<u>3,800</u>	<u>3,823</u>	<u>2,440</u>	<u>150,081</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,439)	36,411	9,903	6,143	41,018
<i>Fund Balances at Beginning of Year</i>	<u>228,305</u>	<u>42,770</u>	<u>70,846</u>	<u>53,122</u>	<u>395,043</u>
<i>Fund Balances at End of Year</i>	<u>\$216,866</u>	<u>\$79,181</u>	<u>\$80,749</u>	<u>\$59,265</u>	<u>\$436,061</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$42,780	\$42,780	\$39,045	(\$3,735)
Intergovernmental	48,678	48,817	53,147	4,330
Earnings on Investments	3,745	5,000	4,345	(655)
Charges for Services	15,000	13,350	15,350	2,000
Miscellaneous	8,000	4,315	16,692	12,377
<i>Total Receipts</i>	118,203	114,262	128,579	14,317
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	144,875	144,875	87,988	56,887
Security of Persons and Property	114,825	114,825	41,633	73,192
Public Health Services	500	500	0	500
Leisure Time Activities	6,000	6,000	3,741	2,259
Capital Outlay	22,000	22,000	6,656	15,344
<i>Total Disbursements</i>	288,200	288,200	140,018	148,182
<i>Excess of Receipts Over (Under) Disbursements</i>	(169,997)	(173,938)	(11,439)	162,499
<i>Fund Balance at Beginning of Year</i>	228,305	228,305	228,305	0
<i>Fund Balance at End of Year</i>	\$58,308	\$54,367	\$216,866	\$162,499

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Street Maintenance and Repair Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$30,088	\$32,100	\$39,590	\$7,490
Earnings on Investments	534	1,000	621	(379)
Miscellaneous	100	100	0	(100)
<i>Total Receipts</i>	30,722	33,200	40,211	7,011
<u>Disbursements:</u>				
<i>Current:</i>				
Transportation	62,500	62,500	3,800	58,700
Capital Outlay	500	500	0	500
<i>Total Disbursements</i>	63,000	63,000	3,800	59,200
<i>Excess of Receipts Over (Under) Disbursements</i>	(32,278)	(29,800)	36,411	66,211
<i>Fund Balance at Beginning of Year</i>	42,770	42,770	42,770	0
<i>Fund Balance at End of Year</i>	\$10,492	\$12,970	\$79,181	\$66,211

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Levy Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$9,900	\$10,000	\$10,183	\$183
Intergovernmental	970	950	1,985	1,035
Miscellaneous	0	0	1,558	1,558
<i>Total Receipts</i>	10,870	10,950	13,726	2,776
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	3,000	3,000	550	2,450
Security of Persons and Property	65,000	65,000	3,273	61,727
<i>Total Disbursements</i>	68,000	68,000	3,823	64,177
<i>Excess of Receipts Over (Under) Disbursements</i>	(57,130)	(57,050)	9,903	66,953
<i>Fund Balance at Beginning of Year</i>	70,846	70,846	70,846	0
<i>Fund Balance at End of Year</i>	\$13,716	\$13,796	\$80,749	\$66,953

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2010

	Water	Sewer	Total Enterprise Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$265,054	\$170,457	\$435,511
<i>Total Assets</i>	<u>265,054</u>	<u>170,457</u>	<u>435,511</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	154,407	154,407
Unrestricted	<u>265,054</u>	<u>16,050</u>	<u>281,104</u>
<i>Total Net Assets</i>	<u><u>\$265,054</u></u>	<u><u>\$170,457</u></u>	<u><u>\$435,511</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2010

	Water	Sewer	Total Enterprise Funds
<u>Operating Receipts:</u>			
Charges for Services	\$147,255	\$51,599	\$198,854
<i>Total Operating Receipts</i>	<u>147,255</u>	<u>51,599</u>	<u>198,854</u>
<u>Operating Disbursements:</u>			
Personal Services	81,584	0	81,584
Employee Fringe Benefits	40,347	0	40,347
Contractual Services	23,581	32,395	55,976
Supplies and Materials	11,926	0	11,926
<i>Total Operating Disbursements</i>	<u>157,438</u>	<u>32,395</u>	<u>189,833</u>
<i>Operating Income (Loss)</i>	(10,183)	19,204	9,021
<u>Non-Operating Receipts (Disbursements)</u>			
Principal Retirement	(8,486)	0	(8,486)
Interest and Fiscal Charges	(5,599)	0	(5,599)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(14,085)</u>	<u>0</u>	<u>(14,085)</u>
<i>Change in Net Assets</i>	(24,268)	19,204	(5,064)
<i>Net Assets at Beginning of Year</i>	<u>289,322</u>	<u>151,253</u>	<u>440,575</u>
<i>Net Assets at End of Year</i>	<u><u>\$265,054</u></u>	<u><u>\$170,457</u></u>	<u><u>\$435,511</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 1 – Reporting Entity

The Village of Bainbridge, Ross 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 Council. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The Village provides general government services, water utilities, maintenance of Village roads and bridges, park operations. The Village contracts with the Ross County Sheriff's department to provide police protection. The Village appropriates monies received from the fire levy to support a volunteer fire department. The volunteer fire department has contracts to provide fire protection services to Paxton Township and Perry Township.

The Village participates in Public Entities Pool of Ohio (PEP), 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. The Village does apply FASB statements issued after November 30, 1989, to its business-type activities and enterprise funds to the extent they are applicable to the cash basis of accounting. 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. Business-type activities are generally financed through charges for services and grants.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balance of the governmental activities and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants 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 or business-type activity 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.

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

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 divided into two categories, governmental and proprietary.

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 are the Village's major governmental funds:

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 Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing Village streets.

Fire Levy Fund – This fund is used to account for receipts from taxes for the operation of the fire department.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The proprietary fund focus in on the determination of the change in net assets, financial position and cash flows. The Villages' proprietary funds are classified as enterprise. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following are the Village's proprietary funds:

Water Fund –The water fund accounts for the provision of water to the residents and commercial users located within the Village. The fund also accounts for the debt related to the expansion of the water treatment facilities.

Sewer Fund – The sewer fund accounts for the provision of 10 % of the water receipts being saved towards a Sewer Project.

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.

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

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 object level for all funds.

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

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

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

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”.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 and 2010 was \$3,471 and \$4,345 which includes interest earned from other funds.

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. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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.

J. Employer Contributions to Cost-Sharing Pension Plans

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

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

K. 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. 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.

M. Fund Balances

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

Nonspendable: The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Trustees can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

N. Interfund Transactions

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

O. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Maintenance and Repair Fund, and Fire Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis and the cash basis is the encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no differences for the years ended December 31, 2011 and December 31, 2010.

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.

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

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

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 4 – Deposits and Investments – (Continued)

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).

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.”

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, 2011, the carrying amount of all Village deposits was \$824,061. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2011, \$574,060 of the Village’s bank balance of \$824,060 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$574,060 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to \$250,000 until December 31, 2013.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 4 – Deposits and Investments – (Continued)

At December 31, 2010, the carrying amount of all Village deposits was \$871,572. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2010, \$621,572 of the Village’s bank balance of \$871,572 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$621,572 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to \$250,000 until December 31, 2013.

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 105% of the deposits being secured.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which rate are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the county by December 31. If the property owner elects to make semiannual payments, 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 Village.

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 Village.

Note 6 – Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees. The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (“APEEP”), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2010 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 6 – Risk Management – (Continued)

Casualty Insurance

For occurrences prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 and provides up to \$1,750,000 per claim.

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000 and provides up to \$2,650,000 per claim.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

Property Insurance

Prior to January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

On or after January 1, 2009, Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$150,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$150,000 and \$500,000, Travelers will reinsure specific losses exceeding \$150,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (The latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	(14,320,812)	(15,256,862)
Retained earnings	<u>\$20,631,198</u>	<u>\$21,118,036</u>

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 6 – Risk Management – (Continued)

The assets and retained earnings above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 and 447 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$23,700. This payable includes the subsequent years' contribution due if the District terminates participation, as described in the last paragraph below.

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

<u>Contributions to PEP</u>	
2009	\$21,223
2010	12,555
2011	14,279

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

Note 7 – 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.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 7 – Defined Benefit Pension Plan – (Continued)

For the year ended December 31, 2011, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2011 was 14.0 percent. For those classifications, the Village's pension contributions were 18.1 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2010, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2010 was 14.0 percent. For those classifications, the Village's pension contributions were 17.87 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, 2011, 2010, and 2009 were \$12,610, \$14,070, \$13,260, respectively. The full amount has been contributed for 2011, 2010, and 2009.

Note 8 - 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. In 2011 for local government employer units, the rate was 14.0 percent of covered payroll; for members in the Traditional Plan, 4.0 percent was the portion used to fund healthcare during calendar year 2011 and for members in the Combined Plan, 6.05 percent was the portion used during calendar year 2011. In 2010, for local government employer units, the rate was 14.0 percent of covered payroll; for members in the Traditional Plan, 5.5 percent was the portion used to fund healthcare from January 1 through February 28, 2010 and 5.0 percent was the portion used from March 1 through December 31, 2010; and for members in the Combined Plan, 4.73 percent was the portion used to fund healthcare from January 1 through February 28, 2010 and 4.23 percent was the portion used from March 1 through December 31, 2010. The 2010 employer rate was 17.87 percent, and 7.0 percent was used to fund healthcare for both the law enforcement and public safety divisions.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rates increases allowed additional funds to be allocated to the health care plan.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 - Debt

A summary of the debt transactions for the year ended December 31, 2011, follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<i><u>Governmental Activities:</u></i>					
1997 OWDA Loan #3140	6.32%	\$40,711	\$0	\$2,674	\$38,037
2006 OWDA Loan #4498	1.50%	186,712	0	6,060	180,652
Total Governmental Activities		<u>\$227,423</u>	<u>\$0</u>	<u>\$8,734</u>	<u>\$218,689</u>

A summary of the debt transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
<i><u>Governmental Activities:</u></i>					
1997 OWDA Loan #3140	6.32%	\$43,226	\$0	\$2,515	\$40,711
2006 OWDA Loan #4498	1.50%	192,683	0	5,971	186,712
Total Governmental Activities		<u>\$235,909</u>	<u>\$0</u>	<u>\$8,486</u>	<u>\$227,423</u>

The 1997 Ohio Water Development Authority (OWDA) loan (loan #3140) relates to a water line extension project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in annual installments of \$5,247, including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2006 the Village obtained an OWDA Water Storage Design loan and drew \$27,158, then effectively refinanced the loan at a lower interest rate by combining the loan with its OWDA Water Storage Improvements Project loan (#4498); this new loan was awarded to the Village for an amount up to \$212,890 for the construction of water storage improvements.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 – Debt – (Continued)

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

Year Ended December 31:	OWDA Loan #3140		OWDA Loan #4498		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$2,674	\$2,404	\$6,152	\$2,687	\$8,995	\$5,091
2013	2,843	2,224	6,244	2,594	9,266	4,818
2014	3,022	2,033	6,338	2,500	9,551	4,533
2015	3,213	1,830	6,434	2,405	9,851	4,235
2016	3,417	1,614	6,531	2,308	10,163	3,922
2017-2021	25,542	4,324	34,158	10,035	56,068	14,359
2022-2026	0	0	36,808	7,385	36,808	7,385
2027-2031	0	0	39,665	4,528	39,665	4,528
2032-2036	0	0	38,322	1,452	38,322	1,452
Total	\$38,037	\$14,429	\$180,652	\$35,894	\$218,689	\$50,323

Note 10 – Fund Balances

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

Fund Balances	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total
Restricted:					
Street Improvements	\$0	\$43,372	\$0	\$52,551	\$95,923
Fire Operators	0	0	77,871	0	77,871
Total Restricted	0	43,372	77,871	52,551	173,794
Unassigned	239,525	0	0	0	239,525
Total Fund Balance	\$239,525	\$43,372	\$77,871	\$52,551	\$413,319

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 11 – Change in Accounting Principle and Prior Period Adjustment

For 2011, the Village implemented GASB Statement No. 54, “Fund Balances Reporting and Governmental Fund Type Definitions”. The implementation of this statement did not result in any change in the Village’s financial statements.

2011 Prior Period Adjustment

In January 2011, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Assets at December 31, 2010	\$436,061	\$216,866
Overstatement of Cash and Cash Equivalents	88	88
Adjusted net Assets at December 31, 2010	<u>\$436,149</u>	<u>\$216,954</u>

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

Village Council
Village of Bainbridge
P.O. Box 551
Bainbridge, OH 45612

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bainbridge, Ross County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 30, 2012, wherein we noted the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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 opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiency, 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 2011-001 described in the accompanying schedule of findings to be a material weakness.

Village Council
Village of Bainbridge, Ross County
Independent Auditor's 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 additional matters that we have reported to management of the Village in a separate letter dated March 30, 2012.

The Village's written response to the finding identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Village 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.

March 30, 2012

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2011 and 2010

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

Finding Number 2011-001

Financial Statement Adjustments - 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 adjustments were made to the December 31, 2011 financial statements:

1. To properly record the Original Budget amount for the Fire Levy Fund Budget to Actual.

The following audit adjustments were made to the December 31, 2010 financial statements:

1. To properly record the Original Budget amount for the General and Street and Maintenance funds Budget to Actual.
2. To properly record the Final Budget amount for the General and Fire Levy funds Budget to Actual.

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

In response to the five adjustments on the BVA's where the original or the final amounts from UAN did not match the Budgetary testing that was performed on different funds, I believe the information was entered wrong into our UAN system.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2009-001	Audit Adjustments were made to reclassify Principal Retirement from Interest and Fiscal Charges.	Corrected	Corrected
2009-002	Prior Certification of Expenditures	Corrected	Corrected



Dave Yost • Auditor of State

VILLAGE OF BAINBRIDGE

ROSS 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
JUNE 5, 2012