



VILLAGE OF BAINBRIDGE, ROSS COUNTY

Regular Audit

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

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Bainbridge, Ross County, prepared by J. L. Uhrig and Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bainbridge is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 27, 2010

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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, 2009 and 2008, 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.

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, 2009 and 2008, 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 August 17, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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.

August 17, 2010

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
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, 2009 and 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$25,839, or 7.00 percent. The fund most affected by the increase in cash and cash equivalents was the General Fund, which increased by the amount of \$17,114.

Program receipts accounted for \$56,980 or 28.96 percent of total receipts. General receipts accounted for \$139,807 or 71.04 percent of total receipts. The Village's general receipts are primarily property taxes, and grants and entitlements not restricted to specific programs.

The Village had \$170,948 in disbursements; \$56,980 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$139,807 were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$134,183 in receipts and \$117,069 in disbursements.

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$305,474 or 45.28 percent. Among the major funds, the General Fund had the most significant decrease in net assets which was \$297,551 or 97.41 percent of the total governmental net assets.

Program receipts accounted for \$65,870 or 29.88 percent of total receipts. General receipts accounted for \$154,581 or 70.12 percent of total receipts. The Village's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs.

The Village had \$525,925 in disbursements; \$65,870 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$154,581 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 \$141,329 in receipts and \$438,880 in disbursements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
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Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, 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, 2009 and 2008
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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
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The Village as a Whole

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

(Table 1)

Net Assets

	Governmental Activities			Business-Type Activities		
	2009	2008	2007	2009	2008	2007
Assets						
Cash and Cash Equivalents	\$395,043	\$369,204	\$674,678	\$440,575	\$366,663	\$338,082
Total Assets	<u>395,043</u>	<u>369,204</u>	<u>674,678</u>	<u>440,575</u>	<u>366,663</u>	<u>338,082</u>
Net Assets						
<i>Restricted for:</i>						
Capital Projects	0	0	0	198,301	174,665	147,388
Other Puposos	166,738	158,013	165,936	81,860	87,107	90,415
Unrestricted	228,305	211,191	508,742	160,414	104,891	100,279
Total Net Assets	<u>\$395,043</u>	<u>\$369,204</u>	<u>\$674,678</u>	<u>\$440,575</u>	<u>\$366,663</u>	<u>\$338,082</u>

As mentioned previously, governmental activities net assets increased \$25,839 or 7.00 percent during 2009. The primary reasons contributing to the increase in cash balances were because the Village was able to keep disbursements below the receipts during 2009, as they try to control spending.

Business-type activities net assets increased \$73,912 during 2009. The primary reason contributing to the increase in cash balances is the receipt exceeding the disbursements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets in 2009, 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities			Business-Type Activities		
	2009	2008	2007	2009	2008	2007
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Sales and Services	\$14,015	\$13,560	\$13,350	\$282,416	\$216,580	\$210,721
Operating Grants and Contributions	42,965	52,310	50,076	0	0	0
Capital Grants and Contributions	0	0	0	0	0	28,001
Total Program Receipts	56,980	65,870	63,426	282,416	216,580	238,722
<i>General Receipts:</i>						
Property Taxes	55,187	54,601	54,283	0	0	0
Grants and Entitlements Not Restricted to Specific Programs	70,415	63,629	64,734	0	0	0
Interest	8,813	17,927	12,871	0	0	0
Proceeds of Loans	0	0	0	0	0	176,966
Miscellaneous	5,392	18,424	15,384	0	0	0
Total General Receipts	139,807	154,581	147,272	0	0	176,966
Total Receipts	196,787	220,451	210,698	282,416	216,580	415,688
<u>Disbursements:</u>						
General Government	80,072	354,182	85,186	0	0	0
Security of Persons and Property	37,087	78,475	51,922	0	0	0
Leisure Time Activities	1,436	4,508	1,542	0	0	0
Transportation	52,353	68,084	78,090	0	0	0
Capital Outlay	0	20,676	22,759	0	0	0
Other	0	0	5,000	0	0	0
Water	0	0	0	174,504	155,604	360,274
Sewer	0	0	0	34,000	32,395	31,866
Total Disbursements	170,948	525,925	244,499	208,504	187,999	392,140
Extraordinary Item	0	0	288,585	0	0	0
Increase (Decrease) in Net Assets	25,839	(305,474)	254,784	73,912	28,581	23,548
Net Assets, January 1	369,204	674,678	419,894	366,663	338,082	314,534
Net Assets, December 31	\$395,043	\$369,204	\$674,678	\$440,575	\$366,663	\$338,082

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
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Unaudited

Governmental Activities

Program receipts represent 28.96 percent of total receipts for 2009, 29.88 percent of total receipts for 2008 and 30.10 percent of total receipts for 2007. Program receipts are primarily comprised of charges for services.

General receipts represent 71.04 percent of total receipts for 2009, 70.12 percent of total receipts for 2008, and 69.90 percent of total receipts for 2007. General receipts are comprised of property taxes, grants and entitlements not restricted to specific programs, interest and miscellaneous receipts. Property taxes represent 28.04 percent of total receipts in 2009, 24.77 percent in 2008 and 25.76 percent in 2007.

The most significant program disbursements for the Village are Security of Persons and Property and General Government. These programs account for 68.53 percent of total disbursements in 2009, 82.27 percent in 2008 and 56.08 in 2007. Security of Persons and Property, which accounts for 21.69 percent of the total in 2009, 14.93 percent in 2008, and 21.24 percent in 2007, represents the costs of providing Police and Fire Protection services to the residents of the Village. General Government, which accounts for 46.84 percent of the total in 2009, 67.34 percent in 2008, and 34.84 percent in 2007, represents the general operating costs of the Village.

If you look at the 2009 Statement of Activities on page 12 and the 2008 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

	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost of Services	Net Cost Of Services
	2009	2009	2008	2008	2007	2007
General Government	\$80,072	\$80,072	\$354,182	\$354,182	\$85,186	\$85,186
Security of Persons & Property	37,087	21,127	78,475	55,175	51,922	38,572
Leisure Time Activities	1,436	1,436	4,508	4,508	1,542	1,542
Transportation	52,353	11,333	68,084	25,514	78,090	28,014
Capital Outlay	0	0	20,676	20,676	22,759	22,759
Other	0	0	0	0	5,000	5,000
Total Expenses	\$170,948	\$113,968	\$525,925	\$460,055	\$244,499	\$181,073

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
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Business-Type Activities

The business-type activities of the Village, which include its water and sewer operations, increased in net assets by \$73,912 in 2009, \$28,581 in 2008 and \$23,548 in 2007. A significant increase in net assets in total in the business-type activities for 2009 is due to an increase in charges for services of \$65,836 or 30.40 percent.

Governmental Funds

Total governmental funds had receipts of \$196,787 and disbursements of \$170,948 in 2009. There was a \$25,839 margin of difference between the receipts and disbursements for 2009.

Total governmental funds had receipts of \$220,451 and disbursements of \$525,925 in 2008. There was a \$305,474 margin of difference between the receipts and disbursements for 2008.

Proprietary Funds

The Village's two major enterprise funds are the Water and Sewer Funds which, at year end, had net assets of \$289,322 for 2009 and \$233,191 for 2008, \$151,253 for 2009 and \$133,472 for 2008, respectively. During 2009, the Water Fund net assets increased by \$56,131 and the Sewer Fund net assets increased by \$17,781.

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 2009 were \$126,368 representing no change from the original budgeted receipts, while actual receipts were \$134,183. The difference between final budgeted receipts and actual receipts was \$7,815.

General Fund final disbursements were budgeted at \$250,350 for 2009 representing a \$6,000 change from the original budgeted disbursements, while actual disbursements were \$117,069. The difference between final budgeted disbursements and actual disbursements was \$133,281.

For the General Fund final budgeted receipts for 2008 were \$129,614 representing no change from the original budgeted receipts, while actual receipts were \$141,329. The difference between final budgeted receipts and actual receipts was \$11,715.

General Fund final disbursements were budgeted at \$502,950 for 2008 representing a \$55,000 change from the original budgeted disbursements, while actual disbursements were \$438,880. The difference between final budgeted disbursements and actual disbursements was \$64,070.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Management's Discussion and Analysis
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Unaudited

Debt Administration

At December 31, 2009, the Village has a total of \$235,909 in outstanding debt.

At December 31, 2008, the Village had a total of \$244,155 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, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$395,043	\$440,575	\$835,618
<i>Total Assets</i>	<u>395,043</u>	<u>440,575</u>	<u>835,618</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	198,301	198,301
Other Purposes	166,738	81,860	248,598
Unrestricted	<u>228,305</u>	<u>160,414</u>	<u>388,719</u>
<i>Total Net Assets</i>	<u>\$395,043</u>	<u>\$440,575</u>	<u>\$835,618</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, 2009*

	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	\$80,072	\$0	\$0	(\$80,072)	\$0	(\$80,072)
Security of Persons and Property	37,087	14,015	1,945	(21,127)	0	(21,127)
Leisure Time Activities	1,436	0	0	(1,436)	0	(1,436)
Transportation	52,353	0	41,020	(11,333)	0	(11,333)
<i>Total Governmental Activities</i>	<u>170,948</u>	<u>14,015</u>	<u>42,965</u>	<u>(113,968)</u>	<u>0</u>	<u>(113,968)</u>
<u>Business-Type Activities:</u>						
Water	174,504	230,635	0	0	56,131	56,131
Sewer	34,000	51,781	0	0	17,781	17,781
<i>Total Business-Type Activities</i>	<u>208,504</u>	<u>282,416</u>	<u>0</u>	<u>0</u>	<u>73,912</u>	<u>73,912</u>
<i>Totals Primary Government</i>	<u>\$379,452</u>	<u>\$296,431</u>	<u>\$42,965</u>	<u>(113,968)</u>	<u>73,912</u>	<u>(40,056)</u>
<u>General Receipts:</u>						
Property Taxes				55,187	0	55,187
Grants and Entitlements not Restricted to Specific Programs				70,415	0	70,415
Earnings on Investment				8,813	0	8,813
Miscellaneous				5,392	0	5,392
<i>Total General Receipts</i>				<u>139,807</u>	<u>0</u>	<u>139,807</u>
Change in Net Assets				25,839	73,912	99,751
<i>Net Assets at Beginning of Year</i>				<u>369,204</u>	<u>366,663</u>	<u>735,867</u>
<i>Net Assets at End of Year</i>				<u>\$395,043</u>	<u>\$440,575</u>	<u>\$835,618</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, 2009

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$228,305	\$42,770	\$70,846	\$53,122	\$395,043
<i>Total Assets</i>	<u>228,305</u>	<u>42,770</u>	<u>70,846</u>	<u>53,122</u>	<u>395,043</u>
 <u>Fund Balances:</u>					
<i>Unreserved</i>					
General Fund	228,305	0	0	0	228,305
Special Revenue Funds	<u>0</u>	<u>42,770</u>	<u>70,846</u>	<u>53,122</u>	<u>166,738</u>
<i>Total Fund Balances</i>	<u><u>\$228,305</u></u>	<u><u>\$42,770</u></u>	<u><u>\$70,846</u></u>	<u><u>\$53,122</u></u>	<u><u>\$395,043</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, 2009

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$39,540	\$0	\$11,465	\$4,182	\$55,187
Charges for Services	14,015	0	0	0	14,015
Intergovernmental	70,415	37,943	1,945	3,077	113,380
Earnings on Investments	6,194	881	0	1,738	8,813
Miscellaneous	4,019	3	1,370	0	5,392
<i>Total Receipts</i>	<u>134,183</u>	<u>38,827</u>	<u>14,780</u>	<u>8,997</u>	<u>196,787</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	79,852	0	220	0	80,072
Security of Persons and Property	35,781	0	1,306	0	37,087
Leisure Time Activities	1,436	0	0	0	1,436
Transportation	0	46,286	0	6,067	52,353
<i>Total Disbursements</i>	<u>117,069</u>	<u>46,286</u>	<u>1,526</u>	<u>6,067</u>	<u>170,948</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	17,114	(7,459)	13,254	2,930	25,839
<i>Fund Balances at Beginning of Year</i>	<u>211,191</u>	<u>50,229</u>	<u>57,592</u>	<u>50,192</u>	<u>369,204</u>
<i>Fund Balances at End of Year</i>	<u><u>\$228,305</u></u>	<u><u>\$42,770</u></u>	<u><u>\$70,846</u></u>	<u><u>\$53,122</u></u>	<u><u>\$395,043</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)*
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$42,780	\$42,780	\$39,540	(\$3,240)
Intergovernmental	55,924	55,924	70,415	14,491
Earnings on Investments	10,000	10,000	6,194	(3,806)
Charges for Services	13,350	13,350	14,015	665
Miscellaneous	4,314	4,314	4,019	(295)
<i>Total Receipts</i>	126,368	126,368	134,183	7,815
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	117,450	118,150	79,852	38,298
Security of Persons and Property	98,400	104,400	35,781	68,619
Public Health Services	500	500	0	500
Leisure Time Activities	6,000	6,000	1,436	4,564
Capital Outlay	22,000	21,300	0	21,300
<i>Total Disbursements</i>	244,350	250,350	117,069	133,281
<i>Excess of Receipts Over (Under) Disbursements</i>	(117,982)	(123,982)	17,114	141,096
<i>Fund Balance at Beginning of Year</i>	211,191	211,191	211,191	0
<i>Fund Balance at End of Year</i>	\$93,209	\$87,209	\$228,305	\$141,096

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, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Intergovernmental	\$39,009	\$39,009	\$37,943	(\$1,066)
Earnings on Investments	1,800	1,800	881	(919)
Miscellaneous	100	100	3	(97)
<i>Total Receipts</i>	<u>40,909</u>	<u>40,909</u>	<u>38,827</u>	<u>(2,082)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Transportation	87,500	87,500	46,286	41,214
Capital Outlay	500	500	0	500
<i>Total Disbursements</i>	<u>88,000</u>	<u>88,000</u>	<u>46,286</u>	<u>41,714</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(47,091)	(47,091)	(7,459)	39,632
<i>Fund Balance at Beginning of Year</i>	<u>50,229</u>	<u>50,229</u>	<u>50,229</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,138</u></u>	<u><u>\$3,138</u></u>	<u><u>\$42,770</u></u>	<u><u>\$39,632</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$11,500	\$11,500	\$11,465	(\$35)
Intergovernmental	900	900	1,945	1,045
Miscellaneous	0	0	1,370	1,370
<i>Total Receipts</i>	12,400	12,400	14,780	2,380
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	2,550	2,550	220	2,330
Security of Persons and Property	37,500	37,500	1,306	36,194
<i>Total Disbursements</i>	40,050	40,050	1,526	38,524
<i>Excess of Receipts Over (Under) Disbursements</i>	(27,650)	(27,650)	13,254	40,904
<i>Fund Balance at Beginning of Year</i>	57,592	57,592	57,592	0
<i>Fund Balance at End of Year</i>	\$29,942	\$29,942	\$70,846	\$40,904

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	<u>\$289,322</u>	<u>\$151,253</u>	<u>\$440,575</u>
<i>Total Assets</i>	<u>289,322</u>	<u>151,253</u>	<u>440,575</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	58,441	139,860	198,301
Other Purposes	81,860	0	81,860
Unrestricted	<u>149,021</u>	<u>11,393</u>	<u>160,414</u>
<i>Total Net Assets</i>	<u><u>\$289,322</u></u>	<u><u>\$151,253</u></u>	<u><u>\$440,575</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, 2009

	Water	Sewer	Total Enterprise Funds
<u>Operating Receipts:</u>			
Charges for Services	\$230,635	\$51,781	\$282,416
<i>Total Operating Receipts</i>	<u>230,635</u>	<u>51,781</u>	<u>282,416</u>
<u>Operating Disbursements:</u>			
Personal Services	78,704	0	78,704
Employee Fringe Benefits	35,501	0	35,501
Contractual Services	19,655	34,000	53,655
Supplies and Materials	25,609	0	25,609
<i>Total Operating Disbursements</i>	<u>159,469</u>	<u>34,000</u>	<u>193,469</u>
<i>Operating Income (Loss)</i>	71,166	17,781	88,947
<u>Non-Operating Receipts (Disbursements)</u>			
Capital Outlay	(949)	0	(949)
Principal Retirement	(8,246)	0	(8,246)
Interest and Fiscal Charges	(5,840)	0	(5,840)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,035)</u>	<u>0</u>	<u>(15,035)</u>
<i>Change in Net Assets</i>	56,131	17,781	73,912
<i>Net Assets at Beginning of Year</i>	<u>233,191</u>	<u>133,472</u>	<u>366,663</u>
<i>Net Assets at End of Year</i>	<u><u>\$289,322</u></u>	<u><u>\$151,253</u></u>	<u><u>\$440,575</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Net Assets - Cash Basis

December 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$369,204	\$366,663	\$735,867
<i>Total Assets</i>	<u>369,204</u>	<u>366,663</u>	<u>735,867</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	0	174,665	174,665
Other Purposes	158,013	87,107	245,120
Unrestricted	<u>211,191</u>	<u>104,891</u>	<u>316,082</u>
<i>Total Net Assets</i>	<u><u>\$369,204</u></u>	<u><u>\$366,663</u></u>	<u><u>\$735,867</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, 2008

	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	\$354,182	\$0	\$0	(\$354,182)	\$0	(\$354,182)
Security of Persons and Property	78,475	13,560	9,740	(55,175)	0	(55,175)
Leisure Time Activities	4,508	0	0	(4,508)	0	(4,508)
Transportation	68,084	0	42,570	(25,514)	0	(25,514)
Capital Outlay	20,676	0	0	(20,676)	0	(20,676)
<i>Total Governmental Activities</i>	<u>525,925</u>	<u>13,560</u>	<u>52,310</u>	<u>(460,055)</u>	<u>0</u>	<u>(460,055)</u>
<u>Business-Type Activities:</u>						
Water	155,604	164,559	0	0	8,955	8,955
Sewer	32,395	52,021	0	0	19,626	19,626
<i>Total Business-Type Activities</i>	<u>187,999</u>	<u>216,580</u>	<u>0</u>	<u>0</u>	<u>28,581</u>	<u>28,581</u>
<i>Totals Primary Government</i>	<u>\$713,924</u>	<u>\$230,140</u>	<u>\$52,310</u>	<u>(460,055)</u>	<u>28,581</u>	<u>(431,474)</u>
<u>General Receipts:</u>						
Property Taxes				54,601	0	54,601
Grants and Entitlements not Restricted to Specific Programs				63,629	0	63,629
Earnings on Investment				17,927	0	17,927
Miscellaneous				18,424	0	18,424
<i>Total General Receipts</i>				<u>154,581</u>	<u>0</u>	<u>154,581</u>
Change in Net Assets				(305,474)	28,581	(276,893)
<i>Net Assets at Beginning of Year</i>				<u>674,678</u>	<u>338,082</u>	<u>1,012,760</u>
<i>Net Assets at End of Year</i>				<u>\$369,204</u>	<u>\$366,663</u>	<u>\$735,867</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, 2008

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$211,191	\$50,229	\$57,592	\$20,192	\$339,204
<i>Total Assets</i>	<u>211,191</u>	<u>50,229</u>	<u>57,592</u>	<u>20,192</u>	<u>339,204</u>
 <u>Fund Balances:</u>					
<i>Unreserved</i>					
General Fund	211,191	0	0	0	211,191
Special Revenue Funds	<u>0</u>	<u>50,229</u>	<u>57,592</u>	<u>50,192</u>	<u>158,013</u>
<i>Total Fund Balances</i>	<u><u>\$211,191</u></u>	<u><u>\$50,229</u></u>	<u><u>\$57,592</u></u>	<u><u>\$50,192</u></u>	<u><u>\$369,204</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, 2008

	General	Street Maintenance and Repair	Fire Levy	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$39,374	\$0	\$11,162	\$4,065	\$54,601
Charges for Services	13,560	0	0	0	13,560
Intergovernmental	63,629	39,343	1,740	11,227	115,939
Earnings on Investments	12,549	1,793	0	3,585	17,927
Miscellaneous	12,217	115	3,653	2,439	18,424
<i>Total Receipts</i>	<u>141,329</u>	<u>41,251</u>	<u>16,555</u>	<u>21,316</u>	<u>220,451</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	353,067	0	1,115	0	354,182
Security of Persons and Property	69,519	0	1,328	7,628	78,475
Leisure Time Activities	4,508	0	0	0	4,508
Transportation	0	61,468	0	6,616	68,084
Capital Outlay	11,786	0	0	8,890	20,676
<i>Total Disbursements</i>	<u>438,880</u>	<u>61,468</u>	<u>2,443</u>	<u>23,134</u>	<u>525,925</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(297,551)	(20,217)	14,112	(1,818)	(305,474)
<i>Fund Balances at Beginning of Year</i>	<u>508,742</u>	<u>70,446</u>	<u>43,480</u>	<u>52,010</u>	<u>674,678</u>
<i>Fund Balances at End of Year</i>	<u>\$211,191</u>	<u>\$50,229</u>	<u>\$57,592</u>	<u>\$50,192</u>	<u>\$369,204</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$38,643	\$38,643	\$39,374	\$731
Intergovernmental	62,550	62,550	63,629	1,079
Earnings on Investments	10,000	10,000	12,549	2,549
Charges for Services	13,350	13,350	13,560	210
Miscellaneous	5,071	5,071	12,217	7,146
<i>Total Receipts</i>	129,614	129,614	141,329	11,715
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	282,850	384,066	353,067	30,999
Security of Persons and Property	106,100	94,100	69,519	24,581
Public Health Services	500	500	0	500
Leisure Time Activities	6,000	6,000	4,508	1,492
Capital Outlay	52,500	18,284	11,786	6,498
<i>Total Disbursements</i>	447,950	502,950	438,880	64,070
<i>Excess of Receipts Over (Under) Disbursements</i>	(318,336)	(373,336)	(297,551)	75,785
<i>Fund Balance at Beginning of Year</i>	508,742	508,742	508,742	0
<i>Fund Balance at End of Year</i>	\$190,406	\$135,406	\$211,191	\$75,785

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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$39,400	\$39,400	\$39,343	(\$57)
Earnings on Investments	1,800	1,800	1,793	(7)
Miscellaneous	50	50	115	65
<i>Total Receipts</i>	41,250	41,250	41,251	1
<u>Disbursements:</u>				
<i>Current:</i>				
Transportation	79,000	79,000	61,468	17,532
Capital Outlay	2,000	2,000	0	2,000
<i>Total Disbursements</i>	81,000	81,000	61,468	19,532
<i>Excess of Receipts Over (Under) Disbursements</i>	(39,750)	(39,750)	(20,217)	19,533
<i>Fund Balance at Beginning of Year</i>	70,446	70,446	70,446	0
<i>Fund Balance at End of Year</i>	\$30,696	\$30,696	\$50,229	\$19,533

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$10,422	\$10,422	\$11,162	\$740
Intergovernmental	1,063	1,063	1,740	677
Miscellaneous	0	0	3,653	3,653
<i>Total Receipts</i>	11,485	11,485	16,555	5,070
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	1,550	1,550	1,115	435
Security of Persons and Property	35,000	35,000	1,328	33,672
<i>Total Disbursements</i>	36,550	36,550	2,443	34,107
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,065)	(25,065)	14,112	39,177
<i>Fund Balance at Beginning of Year</i>	43,480	43,480	43,480	0
<i>Fund Balance at End of Year</i>	\$18,415	\$18,415	\$57,592	\$39,177

See accompanying notes to the basic financial statements.

VILLAGE OF BAINBRIDGE, ROSS COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2008

	Water	Sewer	Total Enterprise Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$233,191	\$133,472	\$366,663
<i>Total Assets</i>	<u>233,191</u>	<u>133,472</u>	<u>366,663</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	50,188	124,477	174,665
Other Purposes	87,107	0	87,107
Unrestricted	<u>95,896</u>	<u>8,995</u>	<u>104,891</u>
<i>Total Net Assets</i>	<u><u>\$233,191</u></u>	<u><u>\$133,472</u></u>	<u><u>\$366,663</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, 2008

	Water	Sewer	Total Enterprise Funds
<u>Operating Receipts:</u>			
Charges for Services	\$164,559	\$52,021	\$216,580
<i>Total Operating Receipts</i>	<u>164,559</u>	<u>52,021</u>	<u>216,580</u>
<u>Operating Disbursements:</u>			
Personal Services	75,022	0	75,022
Employee Fringe Benefits	34,493	0	34,493
Contractual Services	23,092	32,395	55,487
Supplies and Materials	11,540	0	11,540
<i>Total Operating Disbursements</i>	<u>144,147</u>	<u>32,395</u>	<u>176,542</u>
<i>Operating Income (Loss)</i>	20,412	19,626	40,038
<u>Non-Operating Receipts (Disbursements)</u>			
Principal Retirement	(6,217)	0	(6,217)
Interest and Fiscal Charges	(5,067)	0	(5,067)
Other Financing Uses	(173)	0	(173)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,457)</u>	<u>0</u>	<u>(11,457)</u>
<i>Change in Net Assets</i>	8,955	19,626	28,581
<i>Net Assets at Beginning of Year</i>	<u>224,236</u>	<u>113,846</u>	<u>338,082</u>
<i>Net Assets at End of Year</i>	<u>\$233,191</u>	<u>\$133,472</u>	<u>\$366,663</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, 2009 and 2008

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, 2009 and 2008

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 three categories, governmental, proprietary and fiduciary.

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 fire contracts with neighboring townships for the operation of the fire department.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The proprietary fund focus is 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 sanitary sewer services to the residents and commercial users within the Village.

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 fund 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 certificate 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, 2009 and 2008

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 2009 and 2008 was \$6,194 and \$12,549 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, 2009 and 2008

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 Balance Reserves

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

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, 2009 and December 31, 2008.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

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;
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 or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 – Deposits and Investments – (Continued)

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, 2009, the carrying amount of all Village deposits was \$835,618. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2009, \$593,568 of the Village’s bank balance of \$843,568 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$593,568 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.

At December 31, 2008, the carrying amount of all Village deposits was \$735,867. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2008, \$489,856 of the Village’s bank balance of \$739,856 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$489,856 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.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Risk Management

Risk Pool Membership

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u><u>\$21,118,036</u></u>	<u><u>\$20,459,329</u></u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$13.7 million and \$12.9 million of estimated incurred claims payable to be billed to approximately 447 and 445 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Risk Management – (Continued)

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>	
2007	\$24,878
2008	21,289
2009	21,223

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.

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

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 7 – Defined Benefit Pension Plan – (Continued)

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

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$13,260, \$12,778, \$12,514, respectively. The full amount has been contributed for 2009, 2008, and 2007.

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. The 2009 local government employer contribution rate was 14 percent of covered payroll (17.63 percent for public safety and law enforcement); 7.0 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009 of covered payroll was the portion that was used to fund health care. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement); 7.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 3.0 percent annually for the next eight years and 4 percent annually after six years.

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

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

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

VILLAGE OF BAINBRIDGE –ROSS COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 - Debt

A summary of the debt transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<i><u>Governmental Activities:</u></i>					
1997 OWDA Loan #3140	6.32%	\$45,591	\$0	\$2,365	\$43,226
2006 OWDA Loan #4498	1.50%	198,564	0	5,881	192,683
Total Governmental Activities		<u>\$244,155</u>	<u>\$0</u>	<u>\$8,246</u>	<u>\$235,909</u>

A summary of the debt transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<i><u>Governmental Activities:</u></i>					
1997 OWDA Loan #3140	6.32%	\$47,816	\$0	\$2,225	\$45,591
2006 OWDA Loan #4498	1.50%	202,556	0	3,992	198,564
Total Governmental Activities		<u>\$250,372</u>	<u>\$0</u>	<u>\$6,217</u>	<u>\$244,155</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, 2009 and 2008

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
2010	\$2,515	\$2,732	\$5,971	\$2,868	\$8,486	\$5,600
2011	2,674	2,573	6,060	2,778	8,734	5,351
2012	2,843	2,404	6,152	2,687	8,995	5,091
2013	3,022	2,224	6,244	2,594	9,266	4,818
2014	3,213	2,033	6,338	2,500	9,551	4,533
2015-2019	19,383	6,851	33,153	11,041	52,536	17,892
2020-2024	9,576	917	35,724	8,469	45,300	9,386
2025-2029	0	0	38,496	5,696	38,496	5,696
2030-2034	0	0	41,484	2,710	41,484	2,710
2035-2036	0	0	13,061	197	13,061	197
Total	\$43,226	\$19,734	\$192,683	\$41,540	\$235,909	\$61,274

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, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 17, 2010. As discussed in Note 2, the Village followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 2009-001 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 August 17, 2010

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.

August 17, 2010

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2009 and 2008

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

Finding Number 2009-001

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, 2009 financial statements:

1. To reclassify principal and interest payments recorded as capital outlay.
2. To reclassify intergovernmental revenues recorded as tax revenue and tax revenues recorded as intergovernmental revenues.

The following audit adjustments were made to the December 31, 2008 financial statements:

1. To reclassify principal and interest payments from the Waterline Storage Project Fund and to the Waterline Extension Fund.
2. To reclassify intergovernmental revenues recorded as tax revenue and tax revenues recorded as intergovernmental revenues.
3. To correctly record License Tax and other grants received.

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

These reclassification entries have been made to the financial statements. The adjustment from the Waterline Storage Project Fund to the Waterline Extension Fund has been made in the Village's UAN system, and the fund balances are now accurate in the system.

VILLAGE OF BAINBRIDGE, ROSS COUNTY
Schedule of Prior Audit Findings
 For the Years Ended December 31, 2009 and 2008

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2007-001	Audit Adjustments were made to reclassify Principal Retirement from Interest and Fiscal Charges.	Not Corrected	Reissued as finding 2009-001
2007-002	Prior Certification of Expenditures	Corrected	Corrected



Mary Taylor, CPA
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
NOVEMBER 9, 2010**