



Dave Yost • Auditor of State

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2011	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2010	7
Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2010	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

This page intentionally left blank.



Dave Yost • Auditor of State

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

To the Board of Trustees:

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

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

Dave Yost
Auditor of State

December 30, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010, of the Bainbridge Township, Geauga County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Bainbridge Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

December 30, 2013

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Local Taxes	\$617,536	\$6,269,933	\$0	\$0	\$0	\$6,887,469
Intergovernmental	1,437,208	1,511,452	0	0	0	2,948,660
Licenses, Permits, and Fees	34,320	0	0	0	0	34,320
Fines, Forfeitures, and Penalties	1,679	0	0	0	0	1,679
Charges for Services	11,701	62,487	0	0	0	74,188
Special Assessments	0	12,298	0	0	0	12,298
Earnings on Investments	167,761	0	0	0	3	167,761
Other Revenue	177,745	156,639	0	0	0	334,384
Total Cash Receipts	<u>2,447,950</u>	<u>8,012,809</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>10,460,759</u>
Cash Disbursements:						
Current:						
General Government	998,226	0	0	0	0	998,226
Public Safety	0	4,187,767	0	0	0	4,187,767
Public Works	462,961	2,908,245	0	0	0	3,371,206
Health	41,015	5,575	0	11,278	0	57,868
Conservation/Recreation	276,642	0	0	0	0	276,642
Debt Service:						
Redemption of Principal	0	0	210,000	0	0	210,000
Interest and Fiscal Charges	0	0	139,235	0	0	139,235
Capital Outlay	329,098	323,920	0	0	0	653,018
Total Cash Disbursements	<u>2,107,942</u>	<u>7,425,507</u>	<u>349,235</u>	<u>11,278</u>	<u>0</u>	<u>9,893,962</u>
Total Receipts Over/(Under) Disbursements	<u>340,008</u>	<u>587,302</u>	<u>(349,235)</u>	<u>(11,278)</u>	<u>3</u>	<u>566,797</u>
Other Financing Receipts / (Disbursements):						
Transfers-In	0	251,029	0	0	0	251,029
Transfers-Out	(251,029)	0	0	0	0	(251,029)
Other sources	24,635	0	0	0	0	24,635
Total Other Financing Receipts / (Disbursements)	<u>(226,394)</u>	<u>251,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,635</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>113,614</u>	<u>838,331</u>	<u>(349,235)</u>	<u>(11,278)</u>	<u>3</u>	<u>591,432</u>
Fund Cash Balances, January 1, 2011	<u>5,458,693</u>	<u>5,754,982</u>	<u>4,664,500</u>	<u>198,624</u>	<u>2,151</u>	<u>16,078,950</u>
Fund Cash Balances, December 31, 2011						
Nonspendable	0	0	0	0	2,154	2,154
Restricted	0	5,536,279	4,315,265	187,346	0	10,218,445
Committed	519,744	1,057,034	0	0	0	1,576,778
Unassigned (Deficit)	5,052,563	0	0	0	0	4,895,726
Fund Cash Balances, December 31, 2011	<u>\$5,572,307</u>	<u>\$6,593,313</u>	<u>\$4,315,265</u>	<u>\$187,346</u>	<u>\$2,154</u>	<u>16,670,385</u>

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Fines, Licenses and Permits	<u>\$8,100</u>
<i>Total Operating Cash Receipts</i>	<u>8,100</u>
Non-Operating Cash Disbursements	
Other	<u>4,360</u>
<i>Total Operating Cash Disbursements</i>	<u>4,360</u>
<i>Income (Loss)</i>	<u>3,740</u>
<i>Fund Cash Balances, January 1</i>	<u>13,217</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$16,957</u></u>

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Local Taxes	\$591,231	\$6,024,349	\$0	\$0	\$0	\$6,615,580
Intergovernmental	872,095	1,693,647	0	0	0	2,565,742
Licenses, Permits, and Fees	32,624	0	0	0	0	32,624
Fines, Forfeitures, and Penalties	2,192	0	0	0	0	2,192
Charges for Services	0	88,352	0	0	0	88,352
Special Assessments	0	11,533	0	0	0	11,533
Earnings on Investments	327,013	0	0	0	0	327,013
Other Revenue	134,828	71,084	0	0	0	205,912
Total Cash Receipts	1,959,983	7,888,965	0	0	0	9,848,948
Cash Disbursements:						
Current:						
General Government	1,020,225	0	0	0	0	1,020,225
Public Safety	910	4,446,155	0	0	0	4,447,065
Public Works	171,292	2,671,771	0	0	0	2,843,063
Health	24,160	3,042	0	300	0	27,502
Conservation/Recreation	445,457	0	0	0	0	445,457
Debt Service:						
Redemption of Principal	0	0	205,000	0	0	205,000
Interest and Fiscal Charges	0	0	146,000	0	0	146,000
Capital Outlay	60,384	883,686	0	0	0	944,070
Total Cash Disbursements	1,722,428	8,004,654	351,000	300	0	10,078,382
Total Receipts Over/(Under) Disbursements	237,555	(115,689)	(351,000)	(300)	0	(229,434)
Other Financing Receipts / (Disbursements):						
Sale of fixed assets	50	0	0	0	0	50
Transfers-In	0	774,323	0	0	0	774,323
Transfers-Out	(774,323)	0	0	0	0	(774,323)
Other sources	205,883	0	0	0	0	205,883
Total Other Financing Receipts / (Disbursements)	(568,390)	774,323	0	0	0	205,933
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(330,835)	658,634	(351,000)	(300)	0	(23,501)
Fund Cash Balances, January 1, 2010	5,789,528	5,096,348	5,015,500	198,924	2,151	16,102,451
Fund Cash Balances, December 31, 2010	\$5,458,693	\$5,754,982	\$4,664,500	\$198,624	\$2,151	\$16,078,950
Reserve for Encumbrances, December 31, 2010	\$298,172	\$349,147	\$0	\$0	\$0	\$647,319

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Fines, Licenses and Permits	\$4,350
<i>Total Operating Cash Receipts</i>	4,350
Non-Operating Cash Disbursements	
Other	3,317
<i>Total Operating Cash Disbursements</i>	3,317
<i>Income (Loss)</i>	1,033
<i>Fund Cash Balances, January 1</i>	12,184
<i>Fund Cash Balances, December 31</i>	\$13,217

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Bainbridge Township, Geauga County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in one jointly governed organization.

In 2006, the Township entered into a contract with neighboring City of Solon to form the Bainbridge-Solon Joint Economic Development District (JEDD). It is entirely located in Bainbridge Township, and its primary purpose was to promote regional growth and economic development. In December 2006, the JEDD Board levied a municipal income tax of two percent in the JEDD, effective January 1, 2007. The JEDD Board also contracted with the City of Solon to administer this income tax.

The JEDD agreement requires the City of Solon and Bainbridge Township share the income tax receipts 50/50 after income tax administration costs and a five percent deduction for the JEDD's Maintenance and Improvement Fund for infrastructure related projects.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant special revenue funds:

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

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

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

3. Debt Service Fund

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest of bonds and note indebtedness.

4. Capital Project Fund

These fund account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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

5. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the beautification and maintenance of the Township's cemetery.

6. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for security deposits for the Township's rental facilities.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township 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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. 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 Township 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.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$962,334	\$422,182
Total deposits	962,334	422,182
U.S. Treasury Notes	15,645,147	15,590,168
STAR Ohio	79,861	79,817
Total investments	15,725,008	15,669,985
Total deposits and investments	\$16,687,342	\$16,092,167

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

2. Equity in Pooled Deposits and Investments (Continued)

Investments: U.S. Treasurer Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,302,218	\$2,472,585	\$1,170,367
Special Revenue	9,852,440	8,263,838	(1,588,602)
Permanent	0	3	3
Total	\$11,154,658	\$10,736,426	(\$418,232)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,033,409	\$2,627,686	\$3,405,723
Special Revenue	13,036,899	8,101,935	4,934,964
Debt Service	349,235	349,235	0
Capital Projects	198,624	11,278	187,346
Total	\$19,618,167	\$11,090,134	\$8,528,033

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,472,721	\$2,165,916	\$693,195
Special Revenue	9,007,875	8,663,288	(344,587)
Total	\$10,480,596	\$10,829,204	\$348,608

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,467,793	\$2,794,923	\$2,672,870
Special Revenue	13,018,549	8,353,801	4,664,748
Debt Service	351,000	351,000	0
Capital Projects	438,581	300	438,281
Total	\$19,275,923	\$11,500,024	\$7,775,899

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed only against local and inter-exchange telephone companies for only 2010 who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	<u>\$3,355,000</u>	3.3% - 4.375%
Total	<u><u>\$3,355,000</u></u>	

The Township issued general obligation bonds in 2003 to finance the construction of the new police station.

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

Year ending December 31:	<u>General Obligation Bonds</u>
2012	\$ 352,305
2013	354,825
2014	356,775
2015	358,135
2016	358,885
2017-2021	1,804,310
2022-2023	<u>730,030</u>
Total	<u><u>\$4,315,265</u></u>

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(CONTINUED)**

6. RETIREMENT SYSTEMS

OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries from January 1, 2010 through December 31, 2011. The Township has paid all contributions required through December 31, 2011.

Effective August 3, 1992, new part-time Township fire-fighters and all emergency medical staff are no longer covered by Public Employees Retirement System and must contribute to social security. The Township's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial automobile insurance
- Public officials liability
- Law Enforcement liability
- Crime

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated December 30, 2013, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. During 2011, the Township also implemented Governmental accounting Standards Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801

Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361

www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 30, 2013.

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

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

December 30, 2013

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

<i>Finding Number</i>	2011-001
-----------------------	----------

Material Noncompliance Finding

Finding for Recovery – Repaid Under Audit

The Township Credit card was used to purchase gift cards over the months of January and February 2012. The gift cards include a Home Depot card for \$200, a Lowes card for \$250, a Home Depot card for \$175, a Visa Card for 54.95, and a Home Depot card for \$215. The total of the gift cards is \$894.95. There was also an unauthorized purchase at Target for \$314.38, for a total finding amount of \$1,209.33.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended has been issued against Nicole Traci, in the amount of \$1,209.33 and in favor of Bainbridge Township, in the amount of \$1,209.33.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Accordingly, Nicole Traci, former Fire Department Clerk, repaid Bainbridge Township in the amount of \$1,209.33, on August 26, 2013.

Official’s Response:

The illegal expenditures were identified by the Fiscal Officer and reported to the Bainbridge Township Police Department for investigation. The township has received payment for the full amount from the former employee.

This page intentionally left blank.



Dave Yost • Auditor of State

BAINBRIDGE TOWNSHIP

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 9, 2014**