

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Members of the Board
Bainbridge Township-City of Solon Joint Economic Development District
34200 Bainbridge Road
Solon, Ohio 44139

We have reviewed the *Independent Auditor's Report* of the Bainbridge Township-City of Solon Joint Economic Development District, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Bainbridge Township-City of Solon Joint Economic Development District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 21, 2016

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**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
AUDIT REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor' Report	1-2
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Types	
- For the Year Ended December 31, 2015	3
- For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5-7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Schedule of Prior Audit Findings and Recommendations	10

JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To Members of the Board
Bainbridge Township-City of Solon
Joint Economic Development District
Solon, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Bainbridge Township-City of Solon Joint Economic Development District, Cuyahoga County, Ohio (the District), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and the Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Bainbridge Township-City of Solon Joint Economic Development District, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, as described in Note 1B.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James G. Zupka,
CPA, President
James G. Zupka, CPA, Inc.
Certified Public Accountants

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA,
Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2016.06.30 16:49:57 -0400

June 27, 2016

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>
<u>Cash Receipts</u>	
Income Taxes	\$ 155,543
Interest	6
Total Cash Receipts	155,549
 <u>Cash Disbursements</u>	
Operating Expenses	4,666
Administrative Expenses	2,915
Bainbridge Township Disbursement	64,827
City of Solon Disbursement	64,826
Total Cash Disbursements	137,234
Excess of Receipts Over (Under) Disbursements	18,315
 Net Change in Fund Cash Balances	18,315
 Fund Cash Balances, January 1	89,747
 <u>Fund Cash Balances, December 31</u>	
Committed	99,822
Unassigned	8,240
 Fund Cash Balances, December 31	\$ 108,062

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

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General Fund</u>
<u>Cash Receipts</u>	
Income Taxes	\$ 173,458
Interest	6
Miscellaneous	78
Total Cash Receipts	173,542
 <u>Cash Disbursements</u>	
Operating Expenses	1,935
Administrative Expenses	3,483
Bainbridge Township Disbursement	83,650
City of Solon Disbursement	83,650
Professional Fees	2,640
Total Cash Disbursements	175,358
Excess of Receipts Over (Under) Disbursements	(1,816)
 Net Change in Fund Cash Balances	(1,816)
 Fund Cash Balances, January 1	91,563
 <u>Fund Cash Balances, December 31</u>	
Committed	81,507
Unassigned	8,240
Fund Cash Balances, December 31	\$ 89,747

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

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The Bainbridge Township-City of Solon Joint Economic Development District, Cuyahoga County, Ohio (the District) contract was entered into as of February 6, 2006 under the authority of Ohio Revised Code Sections 715.72 through 715.83. The District is comprised of Bainbridge Township and the City of Solon. The District operates under an appointed five-member Board of Trustees established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the area. Pursuant to Ohio Revised Code Section 715.74, the Board adopted a resolution to levy an income tax in the District at a rate of 2 percent, effective January 1, 2007.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Cash and Cash Equivalents

The District's cash and cash equivalents consist of an interest bearing checking account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has the following fund:

General Fund

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

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. Fund Balance

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

1. Non-spendable

The District classifies assets as *non-spendable* 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

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

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 the District's Board or a District 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 District 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.

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
 JOINT ECONOMIC DEVELOPMENT DISTRICT
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
 (CONTINUED)**

NOTE 2: CASH DEPOSITS AND INVESTMENTS

The District maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2015	2014
Demand Deposits	\$ 108,062	\$ 89,747

Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 3: LOCAL INCOME TAX

The District levies a municipal income tax of 2 percent on substantially all earned income arising from employment of business activities within the District.

Employers within the District withhold income tax on employee compensation and remit the tax to the District via the Regional Income Tax Authority via the City of Solon. It is then distributed as follows: The City of Solon Administrative expenses are allocated 1.27 percent of taxes plus \$100 each month; the District's M & I Fund is allocated 5 percent of taxes (not to exceed \$50,000); the District's General Fund as needed (not to exceed \$10,000), and the remainder of taxes is distributed, with 50 percent distributed to Bainbridge Township and the remaining 50 percent to the City of Solon.

NOTE 4: RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for comprehensive property and general liabilities covered through the policy held by Bainbridge Township.

NOTE 5: RELATED PARTY TRANSACTIONS

The Board of Trustees includes the landowner of the property the District occupies. During 2015 and 2014, there were no payments issued to the landowner's company, V & V Lakeshore, Ltd.

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To Members of the Board
Bainbridge Township-City of Solon
Joint Economic Development District
Solon, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the 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 of the United States, the financial statements of the Bainbridge Township-City of Solon Joint Economic Development District, Cuyahoga County, Ohio (the District), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2016, wherein we noted the District followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,
CPA, President
James G. Zupka, CPA, Inc.
Certified Public Accountants

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email=jgzcpa@sbcglobal.net, c=US
Date: 2016.06.30 16:50:24 -04'00'

June 27, 2016

**BAINBRIDGE TOWNSHIP-CITY OF SOLON
JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

The prior audit report, as of December 31, 2013 and 2012, included the following finding.

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>
2013-001	Financial Reporting	Yes

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Dave Yost • Auditor of State

**BAINBRIDGE TOWNSHIP CITY OF SOLON JOINT ECONOMIC DEVELOPMENT DISTRICT
CUYAHOGA 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
AUGUST 2, 2016**