



Dave Yost • Auditor of State

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	6
Notes to the Financial Statements	7
Independent Auditor's 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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bainbridge Township, Geauga County, (the Township) 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 opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and 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 Township 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 Section 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 Township 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 Bainbridge Township, Geauga County, 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, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 25, 2016

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**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$614,367	\$7,383,498	\$0	\$0	\$0	\$7,997,865
Charges for Services	10,746	371,310	0	0	0	382,056
Licenses, Permits and Fees	74,422	0	0	0	0	74,422
Fines and Forfeitures	8,952	0	0	0	0	8,952
Intergovernmental	277,485	1,378,374	0	0	0	1,655,859
Special Assessments	0	8,931	0	0	0	8,931
Earnings on Investments	186,618	0	0	0	1	186,619
Miscellaneous	142,557	242,823	0	0	0	385,380
<i>Total Cash Receipts</i>	<u>1,315,147</u>	<u>9,384,936</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10,700,084</u>
Cash Disbursements						
Current:						
General Government	824,053	0	0	0	0	824,053
Public Safety	0	4,694,553	0	0	0	4,694,553
Public Works	4,206	3,462,900	0	0	0	3,467,106
Health	19,065	0	0	0	0	19,065
Conservation-Recreation	523,831	0	0	0	0	523,831
Other	0	20,854	0	0	0	20,854
Capital Outlay	141,082	1,412,869	0	0	0	1,553,951
Debt Service:						
Principal Retirement	0	0	410,000	0	0	410,000
Interest and Fiscal Charges	0	0	108,400	0	0	108,400
<i>Total Cash Disbursements</i>	<u>1,512,237</u>	<u>9,591,176</u>	<u>518,400</u>	<u>0</u>	<u>0</u>	<u>11,621,813</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(197,090)</u>	<u>(206,240)</u>	<u>(518,400)</u>	<u>0</u>	<u>1</u>	<u>(921,729)</u>
Other Financing Receipts (Disbursements)						
Transfers In	0	929,270	789,877	0	0	1,719,147
Transfers Out	(1,719,147)	0	0	0	0	(1,719,147)
Other Financing Sources	116	0	0	0	0	116
Other Financing Uses	(7,490)	0	0	0	0	(7,490)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,726,521)</u>	<u>929,270</u>	<u>789,877</u>	<u>0</u>	<u>0</u>	<u>(7,374)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,923,611)</u>	<u>723,030</u>	<u>271,477</u>	<u>0</u>	<u>1</u>	<u>(929,103)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,904,692</u>	<u>8,834,964</u>	<u>5,671,841</u>	<u>272,801</u>	<u>2,259</u>	<u>18,686,557</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	2,260	2,260
Restricted	0	8,186,079	2,965,943	0	0	11,152,022
Committed	0	1,371,915	2,977,375	272,801	0	4,622,091
Unassigned (Deficit)	1,981,081	0	0	0	0	1,981,081
<i>Fund Cash Balances, December 31</i>	<u>\$1,981,081</u>	<u>\$9,557,994</u>	<u>\$5,943,318</u>	<u>\$272,801</u>	<u>\$2,260</u>	<u>\$17,757,454</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 BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$615,377	\$7,307,813	\$0	\$0	\$0	\$7,923,190
Charges for Services	13,098	324,363	0	0	0	337,461
Licenses, Permits and Fees	65,538	0	0	0	0	65,538
Fines and Forfeitures	8,147	0	0	0	0	8,147
Intergovernmental	841,080	1,528,848	0	0	0	2,369,928
Special Assessments	0	8,960	0	0	0	8,960
Earnings on Investments	128,708	0	0	0	0	128,708
Miscellaneous	98,369	141,143	0	0	100	239,612
<i>Total Cash Receipts</i>	<u>1,770,317</u>	<u>9,311,127</u>	<u>0</u>	<u>0</u>	<u>100</u>	<u>11,081,544</u>
Cash Disbursements						
Current:						
General Government	869,988	0	0	0	0	869,988
Public Safety	0	4,752,996	0	0	0	4,752,996
Public Works	48,931	3,759,977	0	0	0	3,808,908
Health	21,631	2,800	0	0	0	24,431
Conservation-Recreation	389,346	0	0	0	0	389,346
Other	0	166,106	0	0	0	166,106
Capital Outlay	69,005	795,121	0	4,551	0	868,677
Debt Service:						
Principal Retirement	0	0	405,000	0	0	405,000
Interest and Fiscal Charges	0	0	116,500	0	0	116,500
<i>Total Cash Disbursements</i>	<u>1,398,901</u>	<u>9,477,000</u>	<u>521,500</u>	<u>4,551</u>	<u>0</u>	<u>11,401,952</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>371,416</u>	<u>(165,873)</u>	<u>(521,500)</u>	<u>(4,551)</u>	<u>100</u>	<u>(320,408)</u>
Other Financing Receipts (Disbursements)						
Transfers In	0	300,000	2,500,000	0	0	2,800,000
Transfers Out	(300,000)	0	0	(2,500,000)	0	(2,800,000)
Other Financing Sources	3,327	0	0	0	0	3,327
Other Financing Uses	(4,675)	0	0	0	0	(4,675)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(301,348)</u>	<u>300,000</u>	<u>2,500,000</u>	<u>(2,500,000)</u>	<u>0</u>	<u>(1,348)</u>
<i>Net Change in Fund Cash Balances</i>	<u>70,068</u>	<u>134,127</u>	<u>1,978,500</u>	<u>(2,504,551)</u>	<u>100</u>	<u>(321,756)</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>3,834,624</u>	<u>8,700,837</u>	<u>3,693,341</u>	<u>2,777,352</u>	<u>2,159</u>	<u>19,008,313</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	2,259	2,259
Restricted	0	7,743,693	3,299,143	0	0	11,042,836
Committed	0	1,091,271	2,372,698	272,801	0	3,736,770
Unassigned (Deficit)	3,904,692	0	0	0	0	3,904,692
<i>Fund Cash Balances, December 31</i>	<u>\$3,904,692</u>	<u>\$8,834,964</u>	<u>\$5,671,841</u>	<u>\$272,801</u>	<u>\$2,259</u>	<u>\$18,686,557</u>

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 contracts with Life Force Management to provide ambulance services.

The Township participates in a Joint Economic Development District and three jointly governed organizations. Notes 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

Joint Economic Development District:

Bainbridge Township-City of Solon Joint Economic Development District: The Bainbridge Township-City of Solon Joint Economic Development District is a joint economic development district that promotes regional growth and economic development within the Township.

Jointly Governed Organizations:

Chagrin/Southeast Council of Governments: The Chagrin/Southeast Council of Governments is a council of governments that oversees the handling of hazardous materials in the region.

Northeast Ohio Public Energy Council: Northeast Ohio Public Energy Council is a council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas.

Valley Enforcement Regional Council of Governments: Valley Enforcement Regional Council of Governments is a council of governments formed to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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 Township values U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

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

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 Township residents.

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

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

4. Capital Project Funds

These funds 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:

Fire Department Addition/Renovation Fund - The Township issued general obligation bonds and made transfers into this fund in order to make additions and renovations to its fire station.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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 general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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. 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 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 2015 and 2014 budgetary activity appears in Note 4.

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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. RESTATEMENT OF PRIOR YEAR FUND CASH BALANCES

During 2014 it was determined that fund cash balances were understated in the General Fund and overstated in the Capital Projects Fund as of December 31, 2013. It was also determined that the fund cash balance and activity previously reported in an Agency Fund for the Township should be reported in the Township's General Fund. The correction in fund cash balances had the following effects:

	General Fund	Capital Projects Fund	Agency Fund
Fund Cash Balance at December 31, 2013	\$3,612,115	\$2,978,344	\$21,517
Change in Fund Cash Balance	222,509	(200,992)	(21,517)
Adjusted Fund Cash Balance at December 31, 2013	<u>\$3,834,624</u>	<u>\$2,777,352</u>	<u>\$0</u>

3. 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:

	2015	2014
Demand deposits	\$1,320,024	\$260,744
Total deposits	<u>1,320,024</u>	<u>260,744</u>
U.S. Treasury Notes	16,357,365	18,345,833
STAR Ohio	80,065	79,980
Total investments	<u>16,437,430</u>	<u>18,425,813</u>
Total deposits and investments	<u>\$17,757,454</u>	<u>\$18,686,557</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form by, 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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,340,028	\$1,315,263	(\$24,765)
Special Revenue	8,877,992	10,314,206	1,436,214
Debt Service	0	789,877	789,877
Permanent	0	1	1
Total	\$10,218,020	\$12,419,347	\$2,201,327

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,293,741	\$3,484,908	(\$1,191,167)
Special Revenue	12,674,187	10,590,695	2,083,492
Debt Service	518,400	518,400	0
Capital Projects	154,693	0	154,693
Total	\$15,641,021	\$14,594,003	\$1,047,018

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,215,111	\$1,773,644	\$558,533
Special Revenue	8,855,219	9,611,127	755,908
Debt Service	2,500,000	2,500,000	0
Permanent	0	100	100
Total	\$12,570,330	\$13,884,871	\$1,314,541

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,053,746	\$1,976,887	\$76,859
Special Revenue	12,549,303	10,922,843	1,626,460
Debt Service	521,500	521,500	0
Capital Projects	2,691,249	2,504,551	186,698
Total	\$17,815,798	\$15,925,781	\$1,890,017

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$1,191,167 for the year ended December 31, 2015.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. PROPERTY TAX

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

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

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

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds - Fire Station	\$2,395,000	2%
General Obligation Bonds - Police Station	2,325,000	2%
Total	\$4,720,000	

The Township issued general obligation bonds in 2003 to finance the construction of a new police station. These bonds were refinanced in 2013 for 10 years maturing in 2023 in the amount of \$3,165,000 at an interest rate of 1.5 to 2%.

The Township issued general obligations bonds in 2012 to finance the renovation/addition of the fire station. These bonds were issued for \$2,750,000 at an interest rate of 2 to 3%.

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

	General Obligation Bonds - Fire Station	General Obligation Bonds - Police Station	Total General Obligation Bonds
Year ending December 31:			
2016	\$182,700	\$332,500	\$515,200
2017	180,200	326,700	506,900
2018	182,700	230,900	413,600
2019	180,100	327,900	508,000
2020	177,500	323,400	500,900
2021-2025	891,150	983,000	1,874,150
2026-2030	869,975	0	869,975
2031-2032	313,050	0	313,050
Total	\$2,977,375	\$2,524,400	\$5,501,775

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RETIREMENT SYSTEMS

Most of the Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes OPERS' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, law enforcement and regular OPERS members contributed 13% and 10%, respectively, of their gross salaries and the Township contributed an amount equaling 18.1% and 14%, respectively of law enforcement and regular participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

Effective August 3, 1992, new part-time Township fire-fighters and all emergency medical staff were no longer covered by OPERS and began contributing to social security. The Township's liability is 6.2% of wages paid for these employees.

8. 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; and
- Crime

9. JOINT ECONOMIC DEVELOPMENT DISTRICT

In 2006, the Township entered into a contract with the neighboring City of Solon (the City) to form the Bainbridge Township-City of Solon Joint Economic Development District (JEDD). The JEDD is entirely located in the Township, and its primary purpose is 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 to administer this income tax.

The JEDD agreement requires the Township and the City 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. Financial information for the JEDD can be obtained by contacting the City of Solon, 34200 Bainbridge Road, Solon, Ohio 44139.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

10. JOINTLY GOVERNED ORGANIZATIONS

Chagrin/Southeast Council of Governments

The Township is a member of the Chagrin/Southeast Council of Governments (the Council). The Council operates the Chagrin/Southeast HazMat Response Team (the Team). The Team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. During 2015 and 2014, the Township contributed \$3,500 to the Council each year. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio, 44139.

Northeast Ohio Public Energy Council

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Township did not contribute to NOPEC during 2015 or 2014. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Township is a member of Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group ("VEG"), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2015 and 2014, the Township contributed \$7,000 to VERCOG each year. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio, 44124.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Bainbridge Township, Geauga County, (the Township) 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 July 25, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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www.ohioauditor.gov

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 25, 2016

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Transfers – Noncompliance

Ohio Rev. Code §5705.14, 5705.15, and 5705.16 stipulate no transfer may be made from one fund of a subdivision to any other fund, except as follows:

- The unexpended balance in a bond fund [i.e. a capital project fund financed with bond proceeds] that is no longer needed for the purpose for which such fund was created shall be transferred to the sinking fund or bond retirement fund from which such bonds are payable;
- The unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision;
- The unexpended balance in the sinking fund or bond retirement fund of a subdivision, after all indebtedness, interest, and other obligations for the payment of which such fund exists have been paid and retired, shall be transferred, in the case of the sinking fund, to the bond retirement fund, and in the case of the bond retirement fund, to the sinking fund. However, if the transfer is impossible by reason of the nonexistence of the fund to receive the transfer, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such division is located;
- The unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund; and
- Money may be transferred from the general fund to any other fund of the subdivision.

In addition to transfers from the General Fund and those permitted by Ohio Rev. Code §5705.14, the taxing authority of any political subdivision, with the approval of the Tax Commissioner and the Court of Common Pleas, may transfer from one fund to any other public funds under its supervision, with certain exceptions, which are detailed in Ohio Rev. Code §5705.15.

Except in the case of transfers from the General Fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the General Fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for General Fund transfers though a resolution is required).

Transfers and advances must be approved and clearly labeled as such by a formal resolution of the taxing authority of the subdivision which must include: a specific statement that the transaction is a transfer/advance of cash, and, if an advance, an indication of the money (fund) from which it is expected that repayment will be made.

The Township made transfers totaling \$11,198 from its Fire Department Improvement/Renovation Capital Projects Fund to its Road and Bridge Special Revenue Fund in 2015, in contradiction of the above Ohio Rev. Code stipulations. This resulted in the Township making adjustments to its accounting system and financial statements to reverse this transfer.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

**FINDING NUMBER 2015-001
(Continued)**

Transfers – Noncompliance (Continued)

In addition, the Township made \$1,719,147 and \$300,000 in interfund transfers from its General Fund in 2015 and 2014, respectively, without proper Board approval. Failure to properly approve transfers may result in authorizing movement of funds, which could later result in deficit fund cash balances or improper spending.

We recommend the Township Board of Trustees review and properly approve all transfers to ensure conformance with the above Ohio Rev. Code sections.

Officials' Response: We acknowledge the finding. In the future, the Board of Trustees will formally approve all interfund transfers and document this approval in the meeting minutes. Any transfers from funds other than the General Fund will be made by resolution of the taxing authority in accordance with Ohio Rev. Code §5705.14, 5705.15.

FINDING NUMBER 2015-002

Expenditures plus Encumbrances in Excess of Appropriations – Noncompliance

Ohio Rev. Code §5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. Budgetary expenditures as enacted by the Township may not exceed appropriations at the legal level of control for all funds.

At December 31, 2015, expenditures plus encumbrances exceeded appropriations by \$1,191,167 in the Township's General Fund. Expending monies in excess of appropriations can lead to deficit spending.

The Township should monitor appropriations and expenditures monthly, at a minimum, to ensure expenditures do not exceed appropriations and should amend the appropriations as needed to avoid expenditures in excess of appropriations at the legal level of budgetary control.

Officials' Response: We acknowledge the findings and will closely monitor the appropriations and expenditures in the future. We will amend the appropriations at year-end and as needed to ensure budgetary compliance.



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
AUGUST 9, 2016**