



Dave Yost • Auditor of State



**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

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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 and related notes of Bainbridge Township, Geauga County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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 opinion.

***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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, 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, 2013 and 2012, 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 September 30, 2014, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 30, 2014

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts:</b>						
Local Taxes	\$ 589,580	\$ 7,055,702	\$0	\$0	\$0	\$7,645,282
Intergovernmental	1,349,539	1,753,625	0	0	0	3,103,164
Licenses, Permits, and Fees	49,745	0	0	0	0	49,745
Fines, Forfeitures, and Penalties	33,816	0	0	0	0	33,816
Charges for Services	13,078	344,066	0	0	0	357,144
Special Assessments	0	10,878	0	0	0	10,878
Earnings on Investments	69,307	0	0	0	1	69,307
Other Revenue	124,008	109,476	0	0	0	233,484
<b>Total Cash Receipts</b>	<b>2,229,073</b>	<b>9,273,747</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>11,502,820</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	1,339,894	0	0	0	0	1,339,894
Public Safety	1,308	4,620,594	0	0	0	4,621,902
Public Works	45,382	2,718,613	0	0	0	2,763,995
Health	13,463	7,535	0	0	0	20,998
Conservation/Recreation	335,966	0	0	0	0	335,966
Other	0	248,660	0	0	0	248,660
Debt Service:						
Redemption of Principal	0	0	3,548,941	0	0	3,548,941
Interest and Fiscal Charges	0	0	168,286	0	0	168,286
Capital Outlay	333,442	678,044	0	867,841	0	1,879,327
<b>Total Cash Disbursements</b>	<b>2,069,455</b>	<b>8,273,446</b>	<b>3,717,227</b>	<b>867,841</b>	<b>0</b>	<b>14,927,969</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>159,618</b>	<b>1,000,301</b>	<b>(3,717,227)</b>	<b>(867,841)</b>	<b>1</b>	<b>(3,425,149)</b>
Other Financing Receipts / (Disbursements):						
Sale of Bonds	0	0	3,165,000	0	0	3,165,000
Premium and Accrued Interest on Debt	0	0	41,811	0	0	41,811
Transfers-In	0	0	240,797	0	0	240,797
Transfers-Out	(240,797)	0	0	0	0	(240,797)
Advances In	500	500	0	0	0	1,000
Advances Out	(500)	(500)	0	0	0	(1,000)
Other sources	11,120	0	0	0	0	11,120
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(229,677)</b>	<b>0</b>	<b>3,447,608</b>	<b>0</b>	<b>0</b>	<b>3,217,931</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(70,059)</b>	<b>1,000,301</b>	<b>(269,619)</b>	<b>(867,841)</b>	<b>1</b>	<b>(207,218)</b>
<b>Fund Cash Balances, January 1, 2013</b>	<b>3,682,174</b>	<b>7,700,536</b>	<b>3,962,960</b>	<b>3,846,185</b>	<b>2,158</b>	<b>19,194,013</b>
<b>Fund Cash Balances, December 31, 2013</b>						
Nonspendable	0	0	0	0	2,159	2,159
Restricted	0	7,060,874	3,632,943	0	0	10,693,817
Committed	0	1,639,708	60,398	2,978,344	0	4,678,450
Unassigned (Deficit)	3,612,115	0	0	0	0	3,612,115
<b>Fund Cash Balances, December 31, 2013</b>	<b>\$3,612,115</b>	<b>\$8,700,837</b>	<b>\$3,693,341</b>	<b>\$2,978,344</b>	<b>\$2,159</b>	<b>\$18,986,796</b>

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, 2013**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	<u>\$7,160</u>
<i>Total Operating Cash Receipts</i>	<u>7,160</u>
<b>Non-Operating Cash Disbursements</b>	
Other	<u>6,040</u>
<i>Total Operating Cash Disbursements</i>	<u>6,040</u>
<i>Income (Loss)</i>	<u>1,120</u>
<i>Fund Cash Balances, January 1</i>	<u>20,397</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$21,517</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)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$694,085	\$7,211,134	\$0	\$0	\$0	\$7,905,219
Intergovernmental	2,073,954	1,433,734	0	0	0	3,507,688
Licenses, Permits, and Fees	42,091	0	0	0	0	42,091
Fines, Forfeitures, and Penalties	14,788	0	0	0	0	14,788
Charges for Services	10,110	207,007	0	0	0	217,117
Special Assessments	0	11,896	0	0	0	11,896
Earnings on Investments	180,079	0	0	0	3	180,082
Other Revenue	108,864	74,417	0	0	0	183,281
<b>Total Cash Receipts</b>	<u>3,123,971</u>	<u>8,938,188</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>12,062,162</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	1,157,773	0	0	0	0	1,157,773
Public Safety	0	4,447,489	0	0	0	4,447,489
Public Works	85,524	2,986,452	0	0	0	3,071,976
Health	13,764	12,957	0	0	0	26,721
Conservation/Recreation	604,581	0	0	0	0	604,581
Debt Service:						
Redemption of Principal	0	0	220,000	0	0	220,000
Interest and Fiscal Charges	0	0	132,305	0	0	132,305
Capital Outlay	671,032	384,067	0	1,591,161	0	2,646,260
<b>Total Cash Disbursements</b>	<u>2,532,674</u>	<u>7,830,965</u>	<u>352,305</u>	<u>1,591,161</u>	<u>0</u>	<u>12,307,105</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>591,297</u>	<u>1,107,223</u>	<u>(352,305)</u>	<u>(1,591,161)</u>	<u>3</u>	<u>(244,942)</u>
<b>Other Financing Receipts / (Disbursements):</b>						
Sale of Bonds	0	0	0	2,750,000	0	2,750,000
Transfers-In	0	0	0	2,500,000	0	2,500,000
Transfers-Out	(2,500,000)	0	0	0	0	(2,500,000)
Other sources	18,570	0	0	0	0	18,570
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(2,481,430)</u>	<u>0</u>	<u>0</u>	<u>5,250,000</u>	<u>0</u>	<u>2,768,570</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(1,890,133)</u>	<u>1,107,223</u>	<u>(352,305)</u>	<u>3,658,839</u>	<u>3</u>	<u>2,523,624</u>
<b>Fund Cash Balances, January 1, 2012</b>	<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>
<b>Fund Cash Balances, December 31, 2012</b>						
Nonspendable	0	0	0	0	2,158	2,158
Restricted	0	7,669,988	3,962,960	0	0	11,632,948
Committed	0	30,548	0	3,846,185	0	3,876,733
Unassigned	3,682,174	0	0	0	0	3,682,174
<b>Fund Cash Balances, December 31, 2012</b>	<u>\$3,682,174</u>	<u>\$7,700,536</u>	<u>\$3,962,960</u>	<u>\$3,846,185</u>	<u>\$2,158</u>	<u>\$19,194,013</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, 2012**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	<u>\$7,640</u>
<i>Total Operating Cash Receipts</i>	<u>7,640</u>
<b>Non-Operating Cash Disbursements</b>	
Other	<u>4,200</u>
<i>Total Operating Cash Disbursements</i>	<u>4,200</u>
<i>Income (Loss)</i>	<u>3,440</u>
<i>Fund Cash Balances, January 1</i>	<u>16,957</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$20,397</u></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, 2013 AND 2012**

**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, 2013 AND 2012  
(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 receives 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, 2013 AND 2012  
(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 2013 and 2012 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, 2013 AND 2012  
(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:

	2013	2012
Demand deposits	\$1,187,541	\$911,626
Total deposits	1,187,541	911,626
U.S. Treasury Notes	17,740,819	18,222,862
STAR Ohio	79,953	79,922
Total investments	17,820,772	18,302,784
Total deposits and investments	\$19,008,313	\$19,214,410

**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, 2013 AND 2012  
(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:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,254,837	\$2,240,193	\$985,356
Special Revenue	8,934,291	9,273,747	339,456
Debt Service	282,608	3,447,608	3,165,000
Capital Projects	350,000	0	(350,000)
Permanent	0	1	1
Total	\$10,821,736	\$14,961,549	\$4,139,813

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,687,377	\$2,310,252	\$377,125
Special Revenue	13,929,152	8,273,446	5,655,706
Debt Service	3,802,433	3,717,227	85,206
Capital Projects	1,074,055	867,841	206,214
Total	\$21,493,017	\$15,168,766	\$6,324,251

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,433,236	\$3,142,541	\$1,709,305
Special Revenue	8,592,384	8,938,188	345,804
Capital Projects	5,250,000	5,250,000	0
Permanent	0	3	3
Total	\$15,275,620	\$17,330,732	\$2,055,112

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,445,380	\$4,838,938	\$606,442
Special Revenue	14,504,499	7,826,564	6,677,935
Debt Service	352,305	352,305	0
Capital Projects	5,250,000	1,591,161	3,658,839
Total	\$25,552,184	\$14,608,968	\$10,943,216

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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.

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, 2013 was as follows:

	Principal	Interest Rate
General Obligation Bond Police	\$2,890,000	1.5 to 2%
General Obligation Bond Fire	2,630,000	2.5%
Total	\$5,520,000	

The Township issued general obligation bonds in 2003 to finance the construction of the new police station. This bond was 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 to the fire station. This bond was issued for \$2,750,000 at an interest of 2 to 3%.

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

	General Obligation Bond Police	General Obligation Bond Fire	General Obligation Bonds Total
Year ending December 31:			
2014	\$ 333,800	\$ 187,700	\$ 521,500
2015	333,200	185,200	518,400
2016	332,500	182,700	515,200
2017	326,700	180,200	506,900
2018	230,900	177,700	408,600
2019-2023	1,634,300	894,200	2,528,500
2024-2028	0	877,275	877,275
2029-2032	0	650,700	650,700
Total	\$3,191,400	\$3,335,675	\$ 6,527,075

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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, 2012 through December 31, 2013. The Township has paid all contributions required through December 31, 2013.

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

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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 Bainbridge Township, Geauga County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2014, wherein we noted the Township 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***

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 opinion 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.

***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 30, 2014

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Finding for Recovery	Yes	

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# 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  
OCTOBER 16, 2014**