



Mary Taylor, CPA
Auditor of State

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

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

Mary Taylor

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Auditor of State

November 15, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Bainbridge Township, Geauga County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

November 15, 2010

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$671,120	\$5,956,961	\$0	\$0	\$6,628,081
Charges for Services	0	77,531	0	0	77,531
License, Permits and Fees	36,466	0	0	0	36,466
Fines and Forfeitures	25,071	0	0	0	25,071
Intergovernmental	556,540	1,762,078	0	250,000	2,568,618
Special Assessments	0	11,464	0	0	11,464
Earnings on Investments	421,592	0	0	0	421,592
Miscellaneous	180,205	45,700	0	0	225,905
Total Cash Receipts	1,890,994	7,853,734	0	250,000	9,994,728
Cash Disbursements:					
Current:					
General Government	1,251,737	0	0	0	1,251,737
Public Safety	0	4,230,453	0	0	4,230,453
Public Works	199,164	3,102,873	0	250,000	3,552,037
Health	48,790	6,817	0	10,064	65,671
Conservation/Recreation	245,420	0	0	0	245,420
Capital Outlay	290,392	627,313	0	0	917,705
Debt Service:					
Redemption of Principal	0	0	200,000	0	200,000
Interest and Fiscal Charges	0	0	152,600	0	152,600
Total Cash Disbursements	2,035,503	7,967,456	352,600	260,064	10,615,623
Total Receipts Over/(Under) Disbursements	(144,509)	(113,722)	(352,600)	(10,064)	(620,895)
Other Financing Receipts / (Disbursements):					
Transfers-In	0	710,106	0	0	710,106
Transfers-Out	(710,106)	0	0	0	(710,106)
Other Financing Sources	20,946	0	0	0	20,946
Total Other Financing Receipts / (Disbursements)	(689,160)	710,106	0	0	20,946
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(833,669)	596,384	(352,600)	(10,064)	(599,949)
Fund Cash Balances, January 1, 2009	6,623,197	4,499,964	5,368,100	208,988	16,700,249
Fund Cash Balances, December 31, 2009	\$5,789,528	\$5,096,348	\$5,015,500	\$198,924	\$16,100,300
Reserve for Encumbrances December 31, 2009	\$231,233	\$453,518	\$0	\$10,343	\$695,094

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Non - Expendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Fines, Licenses and Permits	\$0	\$3,689	\$3,689
Total Operating Cash Receipts	<u>0</u>	<u>3,689</u>	<u>3,689</u>
Operating Income/(Loss)	<u>0</u>	<u>3,689</u>	<u>3,689</u>
Non-Operating Cash Receipts:			
Earnings on Investments	<u>3</u>		<u>3</u>
Total Non-Operating Cash Receipts	<u>3</u>	<u>0</u>	<u>3</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>0</u>	<u>3,250</u>	<u>3,250</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>3,250</u>	<u>3,250</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>3</u>	<u>439</u>	<u>442</u>
Net Receipts Over/(Under) Disbursements	<u>3</u>	<u>439</u>	<u>442</u>
Fund Cash Balances, January 1, 2009	<u>2,148</u>	<u>11,745</u>	<u>13,893</u>
Fund Cash Balances, December 31, 2009	<u><u>\$2,151</u></u>	<u><u>\$12,184</u></u>	<u><u>\$14,335</u></u>

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$647,740	\$6,046,526	\$0	\$0	\$6,694,266
Charges for Services	0	87,297	0	0	87,297
License, Permits and Fees	48,046	0	0	0	48,046
Fines and Forfeitures	21,411	0	0	0	21,411
Intergovernmental	799,387	1,458,495	0	0	2,257,882
Special Assessments	0	9,725	0	0	9,725
Earnings on Investments	563,224	948	0	0	564,172
Miscellaneous	320,551	185,097	0	0	505,648
Total Cash Receipts	2,400,359	7,788,088	0	0	10,188,447
Cash Disbursements:					
Current:					
General Government	1,108,169	0	0	0	1,108,169
Public Safety	0	3,748,657	0	0	3,748,657
Public Works	34,447	3,018,019	0	0	3,052,466
Health	17,898	0	0	139,983	157,881
Conservation/Recreation	300,734	0	0	0	300,734
Capital Outlay	8,508	238,120	0	0	246,628
Debt Service:					
Redemption of Principal	0	0	195,000	0	195,000
Interest and Fiscal Charges	0	0	159,035	0	159,035
Total Cash Disbursements	1,469,756	7,004,796	354,035	139,983	8,968,570
Total Receipts Over/(Under) Disbursements	930,603	783,292	(354,035)	(139,983)	1,219,877
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	20,650	0	0	0	20,650
Transfer Out	(30,671)	0	0	0	(30,671)
Transfer In	0	30,664	0	0	30,664
Other	57,703	0	(119,485)	0	(61,782)
Total Other Financing Receipts / (Disbursements)	47,682	30,664	(119,485)	0	(41,139)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	978,285	813,956	(473,520)	(139,983)	1,178,738
Fund Cash Balances, January 1, 2008	5,644,912	3,686,008	5,841,620	348,971	15,521,511
Fund Cash Balances, December 31, 2008	\$6,623,197	\$4,499,964	\$5,368,100	\$208,988	\$16,700,249
Reserve for Encumbrances December 31, 2008	\$39,248	\$996,287	\$0	\$16,557	\$1,052,092

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

**BAINBRIDGE TOWNSHIP
GEUAGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Non - Expendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Fines, Licenses and Permits	\$0	\$3,760	\$3,760
Total Operating Cash Receipts	0	3,760	3,760
Operating Income/(Loss)	0	3,760	3,760
Non-Operating Cash Receipts:			
Earnings on Investment	5	0	5
Total Non-Operating Cash Receipts	5	0	5
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	6,600	6,600
Total Non-Operating Cash Disbursements	0	6,600	6,600
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5	(2,840)	(2,835)
Transfers-In	7	0	7
Net Receipts Over/(Under) Disbursements	12	(2,840)	(2,828)
Fund Cash Balances, January 1, 2008	2,136	14,585	16,721
Fund Cash Balances, December 31, 2008	<u>\$2,148</u>	<u>\$11,745</u>	<u>\$13,893</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, 2009 AND 2008**

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, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including police and fire protection.

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. Cash 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. STAR Ohio is recorded at share values the State Treasurer's 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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 which is used to provide police protection to Township residents.

Special Fire Levy 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 is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund - This fund receives property tax and transfers which is used to retire debt issued for the construction of the police station.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Funds:

Miscellaneous Capital Projects Fund - This fund received proceeds from the issuance of debt to pay for the construction of a new police station.

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

5. 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. The Township's had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund receives interest which is used for the beautification and maintenance of the Township's cemetery.

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 had the following significant Agency Fund.

Agency Fund - This fund receives security deposits for the Township's rental facilities.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting by the Township.

2. Equity in Pooled Cash and Investments

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

	2009	2008
Demand deposits	\$164,371	\$58,388
Total deposits	164,371	58,388
U.S. Treasury Notes	15,870,534	16,576,244
STAR Ohio	79,730	79,510
Total investments	15,950,264	16,655,754
Total deposits and investments	\$16,114,635	\$16,714,142

Deposits: Deposits are insured by the Federal Depository Insurance.

Investments: U.S. Treasury 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, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,341,772	\$1,911,940	\$570,168
Special Revenue	7,507,844	8,563,840	1,055,996
Capital Projects	0	250,000	250,000
Non-Expendable Trust	0	3	3
Total	\$8,849,616	\$10,725,783	\$1,876,167

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,186,797	\$2,976,842	\$1,209,955
Special Revenue	11,020,011	8,420,974	2,599,037
Debt Service	352,600	352,600	0
Capital Projects	271,642	270,407	1,235
Total	\$15,831,050	\$12,020,823	\$3,810,227

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,447,621	\$2,478,712	\$1,031,091
Special Revenue	7,447,077	7,818,752	371,675
Capital Projects	250,000	0	(250,000)
Non-Expendable Trust	14,000	12	(13,988)
Total	\$9,158,698	\$10,297,476	\$1,138,778

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,549,569	\$1,539,675	\$1,009,894
Special Revenue	11,032,113	8,001,083	3,031,030
Debt Service	473,520	473,520	0
Capital Projects	346,620	156,540	190,080
Total	\$14,401,822	\$10,170,818	\$4,231,004

4. 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.

Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$3,770,000	3.30% - 4.375%

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

Year ending December 31:	General Obligation Bonds
2010	351,000
2011	349,235
2012	352,305
2013	354,825
2014	356,775
2015-2019	1,797,190
2020-2023	1,454,169
Total	<u><u>\$5,015,499</u></u>

6. Retirement Systems

The Township's law enforcement officers, some firefighters, and other employees belong to the Ohio Public Employees Retirement System (OPERS). 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 17.4% in 2008 and 17.63% in 2009 for law enforcement officers and 14% for all other employees, respectively, of participants' gross salaries. The Township has paid all contributions required through December.

Effective August 3, 1992, new part-time Township fire-fighters are no longer covered by OPERS and must contribute to social security. The Township 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;
- Vehicles; and
- Errors and omissions.

The Township also provides health, dental and life insurance to full-time employees through a private carrier.

8. Contingent Liabilities

The Township is a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of Bainbridge Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 15, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 15, 2010.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Township.

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

Mary Taylor, CPA
Auditor of State

November 15, 2010

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; Explain:
2007-001	ORC 5705.41(B) Expenditures Plus Encumbrances in Excess of Appropriations	Yes	

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Mary Taylor, CPA
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
DECEMBER 14, 2010**