



**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2001 and December 31, 2000. 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 audits.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 6, 2002

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**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$434,132	\$4,564,350	\$0	\$4,998,482
Intergovernmental	431,139	594,164	0	1,025,303
Special Assessments	0	9,026	0	9,026
Licenses, Permits, and Fees	34,393	0	0	34,393
Fines, Forfeitures, and Penalties	30,976	0	0	30,976
Earnings on Investments	915,529	761	21	916,311
Other Revenue	<u>62,378</u>	<u>83,666</u>	<u>0</u>	<u>146,044</u>
 Total Cash Receipts	 <u>1,908,547</u>	 <u>5,251,967</u>	 <u>21</u>	 <u>7,160,535</u>
Cash Disbursements:				
Current:				
General Government	1,981,499	0	0	1,981,499
Public Safety	11,662	2,737,154	0	2,748,816
Public Works	42,646	2,346,389	0	2,389,035
Health	14,046	0	0	14,046
Conservation - Recreation	285,289	0	0	285,289
Capital Outlay	<u>21,206</u>	<u>13,744</u>	<u>0</u>	<u>34,950</u>
 Total Cash Disbursements	 <u>2,356,348</u>	 <u>5,097,287</u>	 <u>0</u>	 <u>7,453,635</u>
 Total Receipts Over/(Under) Disbursements	 <u>(447,801)</u>	 <u>154,680</u>	 <u>21</u>	 <u>(293,100)</u>
Other Financing Receipts:				
Other Sources	<u>48,864</u>	<u>0</u>	<u>0</u>	<u>48,864</u>
 Total Other Financing Receipts	 <u>48,864</u>	 <u>0</u>	 <u>0</u>	 <u>48,864</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 <u>(398,937)</u>	 <u>154,680</u>	 <u>21</u>	 <u>(244,236)</u>
 Fund Cash Balances, January 1, 2001	 <u>14,157,164</u>	 <u>3,894,910</u>	 <u>2,062</u>	 <u>18,054,136</u>
 Fund Cash Balances, December 31, 2001	 <u>\$13,758,227</u>	 <u>\$4,049,590</u>	 <u>\$2,083</u>	 <u>\$17,809,900</u>
 Reserve for Encumbrances, December 31, 2001	 <u>\$895,972</u>	 <u>\$669,374</u>	 <u>\$0</u>	 <u>\$1,565,346</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$348,736	\$4,296,939	\$63,900	\$0	\$4,709,575
Intergovernmental	8,398,603	576,525	0	0	8,975,128
Special Assessments	0	11,061	0	0	11,061
Licenses, Permits, and Fees	100,765	0	0	0	100,765
Fines, Forfeitures, and Penalties	34,441	0	0	0	34,441
Earnings on Investments	1,043,759	475	0	30	1,044,264
Other Revenue	122,081	119,453	0	0	241,534
Total Cash Receipts	<u>10,048,385</u>	<u>5,004,453</u>	<u>63,900</u>	<u>30</u>	<u>15,116,768</u>
Cash Disbursements:					
Current:					
General Government	906,561	0	0	0	906,561
Public Safety	0	2,334,440	0	0	2,334,440
Public Works	54,134	1,974,915	0	0	2,029,049
Health	77,386	4,210	0	0	81,596
Conservation - Recreation	13,500	0	0	0	13,500
Debt Service:					
Redemption of Principal	0	0	60,000	0	60,000
Interest and Fiscal Charges	0	0	3,900	0	3,900
Capital Outlay	106,973	189,107	0	0	296,080
Total Cash Disbursements	<u>1,158,554</u>	<u>4,502,672</u>	<u>63,900</u>	<u>0</u>	<u>5,725,126</u>
Total Receipts Over/(Under) Disbursements	<u>8,889,831</u>	<u>501,781</u>	<u>0</u>	<u>30</u>	<u>9,391,642</u>
Other Financing Receipts and Disbursements:					
Sale of Fixed Assets	10,380	0	0	0	10,380
Contingencies	(881,940)	0	0	0	(881,940)
Total Other Financing Receipts & Disbursements	<u>(871,560)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(871,560)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,018,271	501,781	0	30	8,520,082
Fund Cash Balances, January 1, 2000	6,138,893	3,393,129	0	2,032	9,534,054
Fund Cash Balances, December 31, 2000	<u>\$14,157,164</u>	<u>\$3,894,910</u>	<u>\$0</u>	<u>\$2,062</u>	<u>\$18,054,136</u>
Reserve for Encumbrances, December 31, 2000	<u>\$144,617</u>	<u>\$227,135</u>	<u>\$0</u>	<u>\$0</u>	<u>\$371,752</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bainbridge Township, Geauga County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees. The Township provides general governmental services, including police and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. The U. S. Government Securities are valued at cost.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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 streets.

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

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives property tax money which is used to retire note debt issued for the renovation of the Township's offices.

Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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.

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.

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 2001 and 2000 budgetary activity appears in Note 3.

**BAINBRIDGE TOWNSHIP
 GEAUGA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2001 AND 2000
 (CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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 used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>(\$584,122)</u>	<u>(\$72,126)</u>
Total deposits	<u>(584,122)</u>	<u>(72,126)</u>
U.S. Government Securities	12,500,000	10,000,000
Repurchase Agreements	885,469	391,679
Money Market	731,375	568,052
STAR Ohio	<u>4,277,178</u>	<u>7,166,531</u>
Total investments	<u>18,394,022</u>	<u>18,126,262</u>
Total deposits and investments	<u><u>\$17,809,900</u></u>	<u><u>\$18,054,136</u></u>

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

Investments: U.S. Government Securities 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.

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,709,565	\$ 1,957,411	\$ 247,846
Special Revenue	4,970,395	5,251,967	281,572
Nonexpendable Trust	0	21	21
Total	\$ 6,679,960	\$ 7,209,399	\$ 529,439

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,793,734	\$ 3,252,320	\$ 12,541,414
Special Revenue	8,917,306	5,766,661	3,150,645
Nonexpendable Trust	0	0	0
Total	\$ 24,711,040	\$ 9,018,981	\$ 15,692,059

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 783,046	\$ 10,058,765	\$ 9,275,719
Special Revenue	4,765,891	5,004,453	238,562
Debt Service	63,900	63,900	0
Nonexpendable Trust	0	30	30
Total	\$ 5,612,837	\$ 15,127,148	\$ 9,514,311

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,921,939	\$ 2,185,111	\$ 4,736,828
Special Revenue	8,158,774	4,729,807	3,428,967
Debt Service	63,900	63,900	0
Nonexpendable Trust	0	0	0
Total	\$ 15,144,613	\$ 6,978,818	\$ 8,165,795

**BAINBRIDGE TOWNSHIP
GEAUGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(CONTINUED)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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, who must file a list of such property with the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's law enforcement officers, some firefighters and other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

Effective August 3, 1992, any new part-time Township firefighters 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

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OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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, 2001 and December 31, 2000, and have issued our report thereon dated May 6, 2002. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 6, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 6, 2002.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

Jim Petro
Auditor of State

May 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 18, 2002**