



**Auditor of State  
Betty Montgomery**



**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**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, 2003 and December 31, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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's financial transactions were processed using 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 conduct the audit of 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 the 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 that our audit provides 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, 2003 and December 31, 2002, 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 March 18, 2004 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 audit.

This report is intended solely for the information and use of management, the Board 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 18, 2004

**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, 2003**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$499,528	\$4,822,247	\$0	\$0	\$0	\$5,321,775
Intergovernmental	361,870	682,781	0	0	0	1,044,651
Special Assessments	0	11,531	0	0	0	11,531
Licenses, Permits, and Fees	112,397	0	0	0	0	112,397
Fines, Forfeitures, and Penalties	26,447	0	0	0	0	26,447
Earnings on Investments	647,063	1,154	0	15,598	6	663,821
Other Revenue	116,055	146,014	0	0	0	262,069
<b>Total Cash Receipts</b>	<b>1,763,360</b>	<b>5,663,727</b>	<b>0</b>	<b>15,598</b>	<b>6</b>	<b>7,442,691</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	2,359,178	0	0	0	0	2,359,178
Public Safety	482,732	3,208,313	0	0	0	3,691,045
Public Works	162,988	3,118,856	0	0	0	3,281,844
Health	92,591	14,730	0	0	0	107,321
Conservation - Recreation	294,779	0	0	0	0	294,779
Capital Outlay	158,098	383,081	0	1,882,965	0	2,424,144
Debt Service:						
Interest and Fiscal Charges	0	0	115,065	0	0	115,065
<b>Total Cash Disbursements</b>	<b>3,550,366</b>	<b>6,724,980</b>	<b>115,065</b>	<b>1,882,965</b>	<b>0</b>	<b>12,273,376</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(1,787,006)</b>	<b>(1,061,253)</b>	<b>(115,065)</b>	<b>(1,867,367)</b>	<b>6</b>	<b>(4,830,685)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Bonds	0	0	0	4,900,000	0	4,900,000
Sale of Fixed Assets	400	0	0	0	0	400
Transfers-In	0	0	115,065	0	0	115,065
Transfers-Out	(115,065)	0	0	0	0	(115,065)
Other Sources	13,290	0	0	0	0	13,290
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(101,375)</b>	<b>0</b>	<b>115,065</b>	<b>4,900,000</b>	<b>0</b>	<b>4,913,690</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(1,888,381)</b>	<b>(1,061,253)</b>	<b>0</b>	<b>3,032,633</b>	<b>6</b>	<b>83,005</b>
Fund Cash Balances, January 1, 2003	13,822,713	4,016,605	0	0	2,094	17,841,412
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$11,934,332</b>	<b>\$2,955,352</b>	<b>\$0</b>	<b>\$3,032,633</b>	<b>\$2,100</b>	<b>\$17,924,417</b>
Reserve for Encumbrances, December 31, 2003	\$374,075	\$170,226	\$0	\$1,918,895	\$0	\$2,463,196

*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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non- Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$450,349	\$4,708,284	\$0	\$5,158,633
Intergovernmental	890,601	655,648	0	1,546,249
Special Assessments	0	10,799	0	10,799
Licenses, Permits, and Fees	37,556	0	0	37,556
Fines, Forfeitures, and Penalties	23,510	0	0	23,510
Earnings on Investments	821,623	2,066	11	823,700
Other Revenue	78,784	84,722	0	163,506
	<u>2,302,423</u>	<u>5,461,519</u>	<u>11</u>	<u>7,763,953</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	1,165,004	0	0	1,165,004
Public Safety	208,592	2,781,375	0	2,989,967
Public Works	341,643	2,269,344	0	2,610,987
Health	11,611	5,969	0	17,580
Conservation - Recreation	526,158	0	0	526,158
Capital Outlay	30,191	437,816	0	468,007
	<u>2,283,199</u>	<u>5,494,504</u>	<u>0</u>	<u>7,777,703</u>
Total Receipts Over/(Under) Disbursements	<u>19,224</u>	<u>(32,985)</u>	<u>11</u>	<u>(13,750)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets	1,797	0	0	1,797
Advances-In	1,000	1,000	0	2,000
Advances-Out	(1,000)	(1,000)	0	(2,000)
Other Sources	43,465	0	0	43,465
	<u>45,262</u>	<u>0</u>	<u>0</u>	<u>45,262</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	64,486	(32,985)	11	31,512
Fund Cash Balances, January 1, 2002	13,758,227	4,049,590	2,083	17,809,900
<b>Fund Cash Balances, December 31, 2002</b>	<b><u>\$13,822,713</u></b>	<b><u>\$4,016,605</u></b>	<b><u>\$2,094</u></b>	<b><u>\$17,841,412</u></b>
Reserve for Encumbrances, December 31, 2002	<u>\$1,147,023</u>	<u>\$851,604</u>	<u>\$0</u>	<u>\$1,998,627</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, 2003 AND 2002**

**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 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. 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 reported as assets. 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.

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

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

**2. 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 roads and bridges.

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*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 service.

**3. Debt Service Funds**

The debt service 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 money which is used to retire debt issued for the construction of the police station.

**4. Capital Project Fund**

This fund is 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 fund:

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

**5. Fiduciary Funds (Trust and Agency 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 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.

**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.

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources (Continued)**

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 2003 and 2002 budgetary activity appears in Note 3.

**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:

	2003	2002
Demand deposits	\$379,882	\$355,228
Total deposits	379,882	355,228
U.S. Treasury Notes	13,962,921	11,882,918
STAR Ohio	2,514,265	3,551,272
Repurchase agreement	494,724	82,196
Money Market	572,625	1,969,798
Total investments	17,544,535	17,486,184
Total deposits and investments	\$17,924,417	\$17,841,412

**Deposits:** Deposits are either 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, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)**

**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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$990,277	\$1,777,050	\$786,773
Special Revenue	5,424,164	5,663,727	239,563
Debt Service	115,065	115,065	0
Capital Projects	4,900,000	4,915,598	15,598
Fiduciary	0	6	6
Total	\$11,429,506	\$12,471,446	\$1,041,940

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,415,662	\$4,039,506	\$3,376,156
Special Revenue	9,484,990	6,895,206	2,589,784
Debt Service	115,065	115,065	0
Capital Projects	4,900,000	3,801,860	1,098,140
Fiduciary	0	0	0
Total	\$21,915,717	\$14,851,637	\$7,064,080

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,723,516	\$2,347,685	\$624,169
Special Revenue	5,215,464	5,461,519	246,055
Fiduciary	0	11	11
Total	\$6,938,980	\$7,809,215	\$870,235

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (CONTINUED)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,244,049	\$3,430,222	\$1,813,827
Special Revenue	9,265,054	6,346,108	2,918,946
Fiduciary	0	0	0
Total	\$14,509,103	\$9,776,330	\$4,732,773

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, 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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$4,900,000	3.3% to 4.375%
Total	\$4,900,000	

The general obligation bonds were issued to finance the construction of a new police station. The bonds are collateralized solely by the Township's taxing authority.

**BAINBRIDGE TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT (CONTINUED)**

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

Year ending December 31:	<u>General Obligation Bonds</u>
2004	\$363,290
2005	357,350
2006	356,410
2007	355,305
2008	354,035
2009-2013	1,759,965
2014-2018	1,791,342
2019-2023	1,816,793
Total	<u><u>\$7,154,490</u></u>

**6. 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 plan. 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 2003 and 2002, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

Effective August 3, 1992, new part-time Township fire-fighters 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;
- Vehicles; and
- Errors and omissions.

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



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' 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 accompanying financial statements of Bainbridge Township, Geauga County, Ohio (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated March 18, 2004, wherein we noted that the Township's financial transactions were processed using 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 conduct the audit of the Township because the Auditor of State designed, developed, and implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **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 audit 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 18, 2004.

#### **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 March 18, 2004.

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 18, 2004





**Auditor of State  
Betty Montgomery**

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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  
MAY 4, 2004**