VILLAGE OF BAINBRIDGE
ROSS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

Mary Taylor, CPA
Auditor of State

VILLAGE OF BAINBRIDGE
ROSS COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bainbridge
Ross County
118 East Main Street
Bainbridge, Ohio 45612

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bainbridge, Ross County, Ohio (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 Village 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 Village 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bainbridge, Ross County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Street Construction, Maintenance and Repair Funds for the year then ended in conformity with the basis of accounting Note 2 describes.

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The Village did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, on our consideration of the Village'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

Mary Taylor, CPA
Auditor of State

April 10, 2009

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash	$419,894	$314,534	$734,428
Total Assets	$419,894	$314,534	$734,428
Net Assets			
Restricted for:			
Capital Projects	$0	$125,159	$125,159
Other Purposes	199,175	95,662	294,837
Unrestricted	220,719	93,713	314,432
Total Net Assets	$419,894	$314,534	$734,428

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	$53,267	$18,000	$0	$0	($35,267)	$0	($35,267)
Leisure Time Activities	2,921	0	0	0	(2,921)	0	(2,921)
Transportation	28,820	0	49,622	0	20,802	0	20,802
General Government	77,249	0	0	0	(77,249)	0	(77,249)
Capital Outlay	53,000	0	0	0	(53,000)	0	(53,000)
Debt Service:							
Principal	77,000	0	0	0	(77,000)	0	(77,000)
Interest	1,201	0	0	0	(1,201)	0	(1,201)
Total Governmental Activities	293,458	18,000	49,622	0	(225,836)	0	(225,836)
Business Type Activities							
Water	341,693	149,376	0	190,815	0	(1,502)	(1,502)
Sewer Project	0	14,760	0	0	0	14,760	14,760
Total Business Type Activities	341,693	164,136	0	190,815	0	13,258	13,258
Total Primary Government	$635,151	$182,136	$49,622	$190,815	($225,836)	$13,258	($212,578)
	General Receipts						
	Property Taxes				$30,747	$0	$30,747
	Other Taxes				4,331	0	4,331
	Grants and Entitlements not Restricted to Specific Programs				105,091	0	105,091
	Earnings on Investments				10,365	0	10,365
	Miscellaneous				28,097	0	28,097
	Total General Receipts				178,631	0	178,631
	Transfers				(5,353)	5,353	0
	Total General Receipts and Transfers				173,278	5,353	178,631
	Change in Net Assets				(52,558)	18,611	(33,947)
	Net Assets Beginning of Year				472,452	295,923	768,375
	Net Assets End of Year				$419,894	$314,534	$734,428

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	GENERAL	STREET CONST. MAINT.REP.	OTHER GOVERNMENTAL FUNDS	WATER STORAGE PROJECT
Assets				
Cash	$220,719	$88,543	$110,632	$419,894
Total Assets	$220,719	$88,543	$110,632	$419,894
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	220,719	0	0	220,719
Special Revenue Funds	0	88,543	110,632	199,175
Total Fund Balances	$220,719	$88,543	$110,632	$419,894

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	STREET CONST. MAINT.REP.	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	$19,535	$0	$15,543	$35,078
Intergovernmental	103,816	41,637	4,992	150,445
Charges for Services	18,000	0	0	18,000
Earnings on Investments	10,365	1,463	2,805	14,633
Miscellaneous	464	45	0	509
Total Receipts	152,180	43,145	23,340	218,665
Disbursements				
Current:				
Security of Persons and Property	48,851	0	4,416	53,267
Leisure Time Activities	2,921	0	0	2,921
Transportation	0	18,875	9,945	28,820
General Government	76,971	0	278	77,249
Capital Outlay	0	50,000	3,000	53,000
Debt Service:				
Principal Retirement	77,000	0	0	0
Interest and Fiscal Charges	1,201	0	0	0
Total Disbursements	206,944	68,875	17,639	293,458
Excess of Receipts Over (Under) Disbursements	(54,764)	(25,730)	5,701	(74,793)
Other Financing(Uses)				
Insurance Proceeds	0	0	27,588	27,588
Transfers Out	(5,353)	0	0	(5,353)
Total Other Financing (Uses)	(5,353)	0	27,588	22,235
Net Change in Fund Balances	(60,117)	(25,730)	33,289	(52,558)
Fund Balances Beginning of Year	280,836	114,273	77,343	472,452
Fund Balances End of Year	$220,719	$88,543	$110,632	$419,894

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$19,838	$19,535	$19,535	$0
Intergovernmental	182,763	103,816	103,816	0
Charges for Services	18,000	18,000	18,000	0
Earnings on Investments	6,303	10,365	10,365	0
Miscellaneous	457	28,052	464	(27,588)
Total receipts	227,361	179,768	152,180	(27,588)
Disbursements				
Current:				
Security of Persons and Property	151,450	94,100	48,851	45,249
Public Health Services	750	750	0	750
Leisure Time Activities	6,000	6,000	2,921	3,079
General Government	66,150	126,400	76,971	49,429
Capital Outlay	112,000	80,147	78,201	1,946
Total Disbursements	336,350	307,397	206,944	100,453
Excess of Receipts Over (Under) Disbursements	(108,989)	(127,629)	(54,764)	72,865
Other Financing (Uses)				
Transfers Out	0	(5,353)	(5,353)	0
Total Other Financing (Uses)	0	(5,353)	(5,353)	0
Net Change in Fund Balance	(108,989)	(132,982)	(60,117)	72,865
Fund Balance Beginning of Year	280,836	280,836	280,836	0
Fund Balance End of Year	$171,847	$147,854	$220,719	$72,865

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Receipts				
Intergovernmental	$39,858	$41,637	$41,637	$0
Earnings on Investments	900	1,463	1,463	0
Miscellaneous	74	45	45	0
Total receipts	40,832	43,145	43,145	0
Disbursements				
Current:				
Transportation	72,000	87,000	18,875	68,125
Capital Outlay	10,000	50,000	50,000	0
Total Disbursements	82,000	137,000	68,875	68,125
Net Change in Fund Balance	(41,168)	(93,855)	(25,730)	68,125
Fund Balance Beginning of Year	114,273	114,273	114,273	0
Fund Balance End of Year	$73,105	$20,418	$88,543	$68,125

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006

	Water	Sewer	Total Enterprise Funds
Assets			
Cash	$221,505	$93,029	$314,534
Total Assets	$221,505	$93,029	$314,534
Net Assets			
Restricted for:			
Capital Projects	$32,130	$93,029	$125,159
Other Purposes	95,662	0	95,662
Unrestricted	93,713	0	93,713
Total Net Assets	$221,505	$93,029	$314,534

See accompanying notes to the basic financial statements

VILLAGE OF BAINBRIDGE
ROSS COUNTY

Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006

	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	$149,377	$14,760	$164,137
Total Operating Receipts	149,377	14,760	164,137
Operating Disbursements			
Personal Services	69,706	0	69,706
Employee Fringe Benefits	28,939	0	28,939
Contractual Services	212,452	0	212,452
Supplies and Materials	17,555	0	17,555
Total Operating Disbursements	328,652	0	328,652
Operating Income (Loss)	(179,275)	14,760	(164,515)
Non-Operating Receipts (Disbursements)			
Intergovernmental	190,814	0	190,814
Capital Outlay	(2,279)	0	(2,279)
Principal Payments	(5,387)	0	(5,387)
Interest and Fiscal Charges	(5,213)	0	(5,213)
Other Financing Uses	(162)	0	(162)
Total Non-Operating Receipts (Disbursements)	177,773	0	177,773
Income (Loss) before Transfers	(1,502)	14,760	13,258
Transfers In	5,353	0	5,353
Change in Net Assets	3,851	14,760	18,611
Net Assets Beginning of Year	217,654	78,269	295,923
Net Assets End of Year	$221,505	$93,029	$314,534

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Village of Bainbridge, Ross County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Mayor is elected to a four-year term and votes only to break a tie.

The Village provides general government services, water utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Ross County Sheriff's department for police protection. The Village appropriates monies received from the fire levy to support a volunteer fire department. The volunteer fire department has contracts to provide fire protection services to Paxton Township and Perry Township.

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk-sharing pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. The following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Note 2 – Summary of Significant Accounting Policies - (continued)

The statement of net assets presents the cash balance, of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village’s general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds’ principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following are the Village’s major governmental funds:

General Fund: This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 2 – Summary of Significant Accounting Policies - (continued)

Street Construction, Maintenance and Repair Fund: This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The focus of proprietary funds is on the determination of the change in net assets, financial position and cash flows. The Village classifies funds financed primarily from user charges for goods or services as proprietary. The Village's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The following are the Village's major enterprise funds:

Water Operating Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village. The fund also accounts for the debt related to the expansion of the water treatment facilities.

Sewer Operating Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

Note 2 – Summary of Significant Accounting Policies - (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was $10,365, which includes $1,712 assigned from other Village funds.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s modified cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village’s modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Village had no lease agreements in fiscal year 2006.

Note 2 – Summary of Significant Accounting Policies - (continued)

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Street Construction, Maintenance and Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budget basis and cash basis.

Note 4 – Equity in Pooled Cash and Cash Equivalents

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase

Note 4 – Equity in Pooled Cash and Cash Equivalents - (continued)

agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Village name. During fiscal year 2006, the Village complied with the provisions of these statutes.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio)
.

8. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and

9. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized ratings agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investment may be made only upon delivery of the securities representing the investments to the treasurer of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 4 – Equity in Pooled Cash and Cash Equivalents - (continued)

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposits and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned. At December 31, 2006, the carrying amount of all Village deposits was $734,428. At year end, $641,301_of the Village's bank balance of $741,301 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Note 5 – Property Taxes – (continued)

The full tax rate for all Village operations for the year ended December 31, 2006, was $6.00 per $1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	$5,216,140
Agriculture	3,160
Commercial/Industrial/Mineral	1,494,340
Public Utility Property	
Personal	359,130
Tangible Personal Property	814,950
Total Assessed Value	$7,887,720

Note 6 – Risk Management

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage
For an occurrence prior to January 1, 2006 PEP retains casualty risks up to $250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding $250,000, up to $1,750,000 per claim and $10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to $350,000 per occurrence. Claims exceeding $350,000 are reinsured with APEEP in an amount not to exceed $2,650,000 for each claim and $10,000,000 in the aggregate per year. Governments can elect up to $10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to $5,000,000 per year, subject to a per-claim limit of $2,000,000 (prior to January 1, 2006) or $3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage
Through 2004, PEP retained property risks, including automobile physical damage, up to $100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding $100,000 up to $500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding $250,000 up to $600 million per occurrence. APEEP reinsures members for specific losses exceeding $100,000 up to $250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate

Note 6 – Risk Management – (continued)

stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between $100,000 and $250,000, Travelers will reinsure specific losses exceeding $100,000 up to their $600 million per occurrence limit. The aggregate stop-loss limit for 2006 was $1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

Casualty Coverage	2006	2005
Assets	$30,997,868	$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	$15,122,127	$13,725,507

Property Coverage	2006	2005
Assets	$5,125,326	$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	$4,262,163	$3,375,087

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately $14.4 million and $14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately $14.4 million and $14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately $40,518 This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Note 6 – Risk Management – (continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The Village also provides health, dental, and vision insurance coverage to full-time employees through United Healthcare.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 7 – Defined Benefit Pension Plans - (continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were $12,764, $8,028, and $7,834 respectively, 100% has been contributed for 2006, 2005, and 2004.

Note 8 – Post-employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were $2,637. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, were $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $31.3 billion and $20.2 billion, respectively.

On September 9, 2006, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9– Debt

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

Governmental Activities	Interest Rate	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006	Due Within One Year
2005 General Obligation Bonds	4.25%	77,000	0	77,000	0	0
Total Governmental Activities		$77,000	$0	$77,000	$0	$0

Business-Type Activities	Interest Rate	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006	Due Within One Year
1997 OWDA Loan #3140	6.32%	$51,876	$0	$1,968	$49,908	$2,092
2006 OWDA Loan #4201/#4498	1.50%	0	63,082	3,419	59,663	3,419
Total Business-Type Activities		$51,876	$63,082	$5,387	$109,571	$5,511

The general obligation bonds were supported by the full faith and credit of the Village and were payable from unvoted property tax receipts to the extent that other resources were not available to meet annual principal and interest payments. On February 17, 2006, the Township paid off the USDA Rural Development Loan in the amount of $77,000, and related interest of $1,201 to eliminate paying future interest on the loan.

The 1997 Ohio Water Development Authority (OWDA) loan (loan #3140) relates to a water line extension project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in annual installments of $5,247, including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

During 2006 the Village obtained an OWDA Water Storage Design loan (#4201) and drew $27,158, then effectively refinanced the loan at a lower interest rate by combining the loan with its OWDA Water Storage Improvements Project loan (#4498); this new loan was awarded to the Village for an amount up to $212,890 for the construction of water storage improvements.

The following is a summary of the Village's future annual debt service requirements:

Year	1997 OWDA Loan
2007	$5,247
2008	$5,247
2009	$5,247
2010	$5,247
2011	$5,247
2012 – 2016	$26,235
2017 – 2021	$26,235
Total Debt Payments	$78,705
Less: Amount Representing Interest	$28,797
Total Principal	$49,908

Note 9– Debt - (continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of $433,825

Note 10 – Interfund Transfers

During 2006 the General Fund transferred $5,353 to the Water Fund to facilitate a loan payment during construction.

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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*

Village of Bainbridge
Ross County
118 East Main Street
Bainbridge, Ohio 45612

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bainbridge, Ross County, Ohio (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 10, 2009, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village 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 Village 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 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 Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies**.**

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider findings 2006-001 and 2006-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2006-001 and 2006-003 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated April 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-002 and 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 10, 2009.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 10, 2009

VILLAGE OF BAINBRIDGE
ROSS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Significant Deficiency/Material Weakness
Financial Statement Adjustments

Sound financial reporting is the responsibility of the Clerk/Treasurer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2006 financial statements and accounting records:

1) Two of the Village's enterprise funds, the Water 10% Fund and the Sewer Project 10% Fund, were misclassified in the Village's accounting system as major governmental funds resulting in audit adjustments to decrease Governmental Activities and increase Business-Type Activities for the following items: Beginning Net Assets ($93,999), Revenues ($221,974), and Expenditures ($190,814); this had an effect of $125,159 on ending assets and net assets.

2) Also, revenue accounts were incorrectly classified and therefore did not present program revenues correctly; reclassification entries were posted to Governmental Activities to decrease Other Taxes by $150,446, decrease Earnings on Investments by $4,268, increase Operating Grants, Contributions and Interest by $49,623, and to increase Grants and Entitlements Not Restricted by $105,091.

3) Entries to Governmental Activities and the General Fund to $78,201 from Capital Outlay to Principal Payments ($77,000) and Interest and Fiscal Charges ($1,201) to properly reflect the general obligation bonds which were paid off during 2006.

4) An entry in the Water Fund to reclassify $1,311 from Principal Payments to Interest and Fiscal Charges to properly reflect debt service expenditures.

5) Entry to reduce Miscellaneous Receipts in the General Fund and increase Other Financing Sources in Other Governmental Funds by $27,588 for insurance proceeds related to a damaged fire truck.

These adjustments should be reviewed by the Clerk/Treasurer to ensure that similar errors are not reported on financial statements in subsequent years.

FINDING NUMBER 2006-002

Material Non-Compliance
Prior Certification of Expenditures

Ohio Rev. Code Section § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Clerk/Treasurer is attached thereto. The Clerk/Treasurer must certify that the amount required to meet such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due therein.

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

FINDING NUMBER 2006-002 (Continued)

Material Non-Compliance (Continued)
Prior Certification of Expenditures (Continued)

There are several exceptions to the standard requirement stated above that the Clerk/Treasurer certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Clerk/Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Clerk/Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Clerk/Treasurer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than $3,000 may be paid by the Clerk/Treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The Clerk/Treasurer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Clerk/Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Clerk/Treasurer did not properly certify the availability of funds prior to purchase commitment for twenty-five percent (25%) of the expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk/Treasurer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

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

FINDING NUMBER 2006-002 (Continued)

We recommend the Clerk/Treasurer certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2006-003

Significant Deficiency/Material Weakness
Material Non-Compliance

Ohio Rev. Code Section 5705.10(F) states that proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained.

In 2006, the Village posted a $27,588 receipt related to insurance proceeds for a fire truck to the General Fund instead of the Fire Levy Fund.

The lack of accurate posting of receipts leads to inaccurate financial information and in some cases understated and/or overstated Village fund balances. Inaccurate postings could also allow restricted funds to be used for improper purposes.

We recommend the Village ensure all receipts which benefit a restricted fund are posted to the appropriate fund and account codes for funds that have external restrictions. The financial statements and accounting records have been adjusted to correctly reflect the insurance receipt.

Official's Response:
We did not receive a response from Officials to these findings.

VILLAGE OF BAINBRIDGE
ROSS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2005-001	Ohio Rev. Code 5705.10 – the Village posted homestead and rollback receipts that should have been paid into the Fire Levy Fund to the General Fund.	Yes	

Mary Taylor, CPA
Auditor of State

VILLAGE OF BAINBRIDGE

ROSS 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 16, 2009

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