



**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF LAGRANGE  
LORAIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2001 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Type – For the Year Ended December 31, 2000 .....	6
Notes to the Financial Statements .....	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of LaGrange  
Lorain County  
355 South Center Street  
LaGrange, Ohio 44050

We have audited the accompanying financial statements of the Village of LaGrange, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 provides a reasonable basis for our opinion.

As discussed in Note 1, the Village 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 the Village of LaGrange, Lorain 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 June 18, 2002 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 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, Village Council 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

June 18, 2002

**This page intentionally left blank.**

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$701,737	\$263,214	\$3,537	\$968,488
Special Assessments	0	0	4,172	4,172
Intergovernmental Receipts	131,184	83,336	371	214,891
Charges for Services	81,260	0	0	81,260
Fines, Licenses, and Permits	50,142	400	0	50,542
Earnings on Investments	101,491	3,874	0	105,365
Miscellaneous	9,360	1,438	252	11,050
<b>Total Cash Receipts</b>	<u>1,075,174</u>	<u>352,262</u>	<u>8,332</u>	<u>1,435,768</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	190,155	98,566	0	288,721
Public Health Services	4,756	0	0	4,756
Leisure Time Activities	31,879	0	0	31,879
Community Environment	45,406	0	0	45,406
Basic Utility Services	95,188	0	0	95,188
Transportation	0	50,484	0	50,484
General Government	336,773	0	0	336,773
Debt Service:				
Principal Payments	0	0	59,917	59,917
Interest Payments	0	0	50,091	50,091
Capital Outlay	206,631	51,483	0	258,114
<b>Total Cash Disbursements</b>	<u>910,788</u>	<u>200,533</u>	<u>110,008</u>	<u>1,221,329</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>164,386</u>	<u>151,729</u>	<u>(101,676)</u>	<u>214,439</u>
<b>Other Financing Sources/(Uses):</b>				
Sale of Bonds or Notes	105,000	0	0	105,000
Transfers-In	0	0	102,368	102,368
Transfers-Out	(150,171)	0	0	(150,171)
<b>Total Other Financing Sources/(Uses)</b>	<u>(45,171)</u>	<u>0</u>	<u>102,368</u>	<u>57,197</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	119,215	151,729	692	271,636
Fund Cash Balances, January 1	1,142,295	278,523	26,916	1,447,734
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,261,510</b></u>	<u><b>\$430,252</b></u>	<u><b>\$27,608</b></u>	<u><b>\$1,719,370</b></u>
Reserves for Encumbrances, December 31	<u>\$118,774</u>	<u>\$99,478</u>	<u>\$0</u>	<u>\$218,252</u>

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

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$646,872	\$0	\$646,872
Total Operating Cash Receipts	<u>646,872</u>	<u>0</u>	<u>646,872</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	136,840	0	136,840
Fringe Benefits	923	0	923
Contractual Services	306,114	0	306,114
Supplies and Materials	29,936	0	29,936
Capital Outlay	1,000	0	1,000
Total Operating Cash Disbursements	<u>474,813</u>	<u>0</u>	<u>474,813</u>
Operating Income/(Loss)	<u>172,059</u>	<u>0</u>	<u>172,059</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	731,910	0	731,910
Other Non-Operating Receipts	18,191	33,717	51,908
Total Non-Operating Cash Receipts	<u>750,101</u>	<u>33,717</u>	<u>783,818</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	(94,217)	0	(94,217)
Other Non-Operating Cash Disbursements	(738,692)	(32,707)	(771,399)
Total Non-Operating Cash Disbursements	<u>(832,909)</u>	<u>(32,707)</u>	<u>(865,616)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	89,251	1,010	90,261
Transfers-In	47,801	118	47,919
Transfers-Out	(118)	0	(118)
Net Receipts Over/(Under) Disbursements	136,934	1,128	138,062
Fund Cash Balances, January 1	<u>948,572</u>	<u>10,640</u>	<u>959,212</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,085,506</u></b>	<b><u>\$11,768</u></b>	<b><u>\$1,097,274</u></b>
Reserve for Encumbrances, December 31	<u>\$276,444</u>	<u>\$0</u>	<u>\$276,444</u>

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



**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$524,590	\$189,368	\$3,300	\$0	\$717,258
Special Assessments	0	0	4,172	0	4,172
Intergovernmental Receipts	132,380	82,142	325	77,275	292,122
Charges for Services	76,848	0	0	0	76,848
Fines, Licenses, and Permits	30,103	271	0	0	30,374
Earnings on Investments	120,646	4,002	0	0	124,648
Miscellaneous	299,097	1,135	0	0	300,232
<b>Total Cash Receipts</b>	<u>1,183,664</u>	<u>276,918</u>	<u>7,797</u>	<u>77,275</u>	<u>1,545,654</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	159,874	127,496	0	0	287,370
Public Health Services	4,695	0	0	0	4,695
Leisure Time Activities	12,976	0	0	0	12,976
Community Environment	33,396	0	0	0	33,396
Basic Utility Services	94,736	0	0	0	94,736
Transportation	4,067	38,720	0	0	42,787
General Government	269,179	0	0	0	269,179
Debt Service:					
Principal Payments	0	0	42,542	0	42,542
Interest Payments	0	0	50,967	0	50,967
Capital Outlay	56,881	29,705	0	77,275	163,861
<b>Total Cash Disbursements</b>	<u>635,804</u>	<u>195,921</u>	<u>93,509</u>	<u>77,275</u>	<u>1,002,509</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>547,860</u>	<u>80,997</u>	<u>(85,712)</u>	<u>0</u>	<u>543,145</u>
<b>Other Financing Sources/(Uses):</b>					
Sale of Fixed Assets	4,500	0	0	0	4,500
Transfers-In	0	0	85,751	0	85,751
Transfers-Out	(115,748)	0	0	0	(115,748)
<b>Total Other Financing Sources/(Uses)</b>	<u>(111,248)</u>	<u>0</u>	<u>85,751</u>	<u>0</u>	<u>(25,497)</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	436,612	80,997	39	0	517,648
Fund Cash Balances January 1	705,683	197,526	26,877	0	930,086
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,142,295</b></u>	<u><b>\$278,523</b></u>	<u><b>\$26,916</b></u>	<u><b>\$0</b></u>	<u><b>\$1,447,734</b></u>
Reserves for Encumbrances, December 31	<u>\$49,730</u>	<u>\$1,393</u>	<u>\$0</u>	<u>\$0</u>	<u>\$51,123</u>

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

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$595,229	\$0	\$595,229
Total Operating Cash Receipts	595,229	0	595,229
<b>Operating Cash Disbursements:</b>			
Personal Services	120,830	0	120,830
Fringe Benefits	345	0	345
Contractual Services	234,657	0	234,657
Supplies and Materials	23,644	0	23,644
Total Operating Cash Disbursements	379,476	0	379,476
Operating Income/(Loss)	215,753	0	215,753
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	20,230	22,665	42,895
Total Non-Operating Cash Receipts	20,230	22,665	42,895
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	(90,940)	0	(90,940)
Other Non-Operating Cash Disbursements	(6,575)	(26,017)	(32,592)
Total Non-Operating Cash Disbursements	(97,515)	(26,017)	(123,532)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	138,468	(3,352)	135,116
Transfers-In	29,911	111	30,022
Transfers-Out	(25)	0	(25)
Net Receipts Over/(Under) Disbursements	168,354	(3,241)	165,113
Fund Cash Balances, January 1	780,218	13,881	794,099
<b>Fund Cash Balances, December 31</b>	<b><u>\$948,572</u></b>	<b><u>\$10,640</u></b>	<b><u>\$959,212</u></b>
Reserve for Encumbrances, December 31	<u>\$44,822</u>	<u>\$0</u>	<u>\$44,822</u>

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

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of LaGrange, Lorain County, Ohio, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, recreation, and police services.

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

Certificates of deposit are valued at cost. Money market funds (including STAR Ohio) are recorded at share values reported by the fund.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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.

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**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 Village had the following significant Special Revenue Funds:

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

*Police and Street Repair Income Tax Levy Fund* - This fund supports police services and street repairs and maintenance from the Village income tax collections.

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

*General Obligation Fund* - This fund is used to accumulate resources for the payment of the Village's bonds.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

*Forest Street Reconstruction Improvement Fund* - This fund received Ohio Public Works Commission loan monies which were used to pay for major repairs of Forest Street in the Village.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Waste Water Treatment Plant Improvement Fund* - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Mayor's Court Fund* - This fund receives fine money, court costs, and fees that are held pending distribution in accordance with statutory specifications or as directed by the Court.

*Commercial Permits Fund* - This fund receives money for commercial inspection fees and distributes it to the State, pays inspectors and retains a portion for administrative fees.

**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 level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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.

**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.

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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:

	2001	2000
Demand deposits	\$ 211,106	\$ 397,556
Certificates of deposit	732,898	293,286
Total deposits	944,004	690,842
STAR Ohio	1,872,641	1,716,104
Total investments	1,872,641	1,716,104
Total deposits and investments	\$2,816,645	\$2,406,946

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

**Investments:** The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,018,976	\$1,180,174	\$161,198
Special Revenue	349,285	352,262	2,977
Debt Service	110,214	110,700	486
Enterprise	1,567,436	1,444,774	(122,662)
Total	\$3,045,911	\$3,087,910	\$41,999

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,792,415	\$1,179,733	\$612,682
Special Revenue	615,380	300,011	315,369
Debt Service	110,008	110,008	0
Enterprise	2,386,191	1,584,284	801,907
Total	<u>\$4,903,994</u>	<u>\$3,174,036</u>	<u>\$1,729,958</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,107,987	\$1,188,164	\$80,177
Special Revenue	267,095	276,918	9,823
Debt Service	93,505	93,548	43
Capital Projects	77,275	77,275	0
Enterprise	604,361	645,370	41,009
Total	<u>\$2,150,223</u>	<u>\$2,281,275</u>	<u>\$131,052</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$985,809	\$801,282	\$184,527
Special Revenue	420,502	197,314	223,188
Debt Service	93,509	93,509	0
Capital Projects	77,275	77,275	0
Enterprise	1,195,261	521,838	673,423
Total	<u>\$2,772,356</u>	<u>\$1,691,218</u>	<u>\$1,081,138</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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.

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

Public utilities are also taxed on personal and real property located within the Village.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rates
Ohio Water Development Authority Loan	\$446,032	6.51 to 8.47%
General Obligation Bonds	113,319	4.9 to 5.875%
Special Assessment Bonds	92,800	7.75%
Ohio Public Works Commission Loan	244,922	0%
Mortgage Secured Loan	521,007	7%
Mortgage Revenue Bonds	36,000	4.5%
Total	\$1,454,080	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion and improvement project. The Ohio Public Works Commission (OPWC) non-interest bearing loans were for installation of a waterline. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

The General Obligation Bonds are collateralized by the Village's taxing authority. The Special Assessment Bonds are paid through assessments levied against the benefitting properties.

The mortgage secured loan relates to the purchase of land to be developed into a park and recreational area. The debt is collateralized by the land. The debt will be repaid in semiannual installments of \$32,433 over the next 12 years. The Village has entered into a separate agreement with LaGrange Township where the Township will purchase a one-half interest in the land.



**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT (Continued)**

As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2001 is \$56,512.

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

Year Ending December 31:	OWDA Loan	General Obligation Bonds	Special Assessment Bonds	OPWC Loan	Mortgage Secured Loan	Mortgage Revenue Bonds
2002	\$68,869	\$17,889	\$22,659	\$25,547	\$64,867	\$7,620
2003	68,869	18,771	21,460	25,547	64,867	7,350
2004	68,869	18,595	20,261	25,547	64,867	7,080
2005	68,869	18,419	19,063	25,547	64,867	6,810
2006	68,869	18,243	17,864	25,547	64,867	6,540
Subsequent	<u>288,991</u>	<u>46,401</u>	<u>16,665</u>	<u>117,188</u>	<u>454,705</u>	<u>6,270</u>
Total	<u>\$633,336</u>	<u>\$138,318</u>	<u>\$117,972</u>	<u>\$244,923</u>	<u>\$779,040</u>	<u>\$41,670</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of police participant wages. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village 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 Village has paid all contributions required through December 31, 2001.

**VILLAGE OF LAGRANGE  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Law enforcement liability;
- Public officials liability;
- Employee dishonesty;
- Boiler and machinery;
- Vehicles; and
- Errors and omissions.

The Village also provides health insurance and dental and vision coverage to full-time employees through the Lorain County Health Care insurance Program.

**9. JOINT VENTURES**

The LaGrange Joint Park and Recreation Board was created on October 13, 1997 to oversee the operation of the LaGrange Community Park. The Board is comprised of five members who are residents of either the Village or the Township. Two members are appointed by the Village Council and the Township Trustees each with the fifth member, designated as chairperson for one year, appointed, on an annual alternating basis, by the Village Council and the Township Trustees. The Board must receive approval from the legislative bodies of both the Village and Township on any contracts, agreements, and other commitments for expenditure of money. The Village and the Township have an equal interest in the real and personal property of the Park and share equally in the cost and contributions toward the Park.

The Village also entered into a agreement with LaGrange Township for the purchase of land for a proposed village/township hall. The cost of the property was equally divided with the Village's share being \$145,000.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of LaGrange  
Lorain County  
355 South Center Road  
LaGrange, Ohio 44050

We have audited the accompanying financial statements of the Village of LaGrange, Lorain County, Ohio , (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 18, 2002. We conducted our audits 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 Village'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*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 18, 2002.

This report is intended solely for the information and use of management and Village Council, 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 fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 18, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF LAGRANGE**

**LORAIN 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  
JULY 30, 2002**