



Dave Yost • Auditor of State



**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

LaGrange Community Improvement Corporation  
Lorain County  
355 South Center Street  
LaGrange, Ohio 44050

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of the LaGrange Community Improvement Corporation, Lorain County, Ohio, (the Corporation) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation'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. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the LaGrange Community Improvement Corporation, Lorain County, Ohio as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of the Corporation'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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 29, 2011

# LAGRANGE COMMUNITY IMPROVEMENT CORPORATION LORAIN COUNTY

Managements Discussion and Analysis  
For the Years Ended December 31, 2010 and 2009  
(Unaudited)

This discussion and analysis, along with the accompanying financial report of the LaGrange Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

## FINANCIAL HIGHLIGHTS

The total assets of the Corporation equaled liabilities and net assets on December 31, 2010 and 2009. The Corporation's net assets were \$116,857 and \$117,834 on December 31, 2010 and 2009 respectively.

The Corporation's revenues consisted of investment income and refunded bank fees. There was no sale of property and no associated revenue during the audit period. Revenues decreased from 2009 to 2010 due to the closing of the Corporation's First Merit certificate of deposit account in early 2010, which resulted in no interest revenue for most of the year. The Corporation experienced increased expenses in 2009 due in part to a rebate for a land purchase of \$250,000.

The Corporation issued no debt in 2010 or 2009.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Corporation is a single enterprise fund using proprietary fund accounting, similar to private sector business. The financial statements are presented using the accrual basis of accounting.

The **Statement of Financial Position** includes all of the Corporation's assets and liabilities. This statement provides information about the nature and amounts of investments in resources (assets) owned by the Corporation, and obligations owed by the Corporation (liabilities). The Corporation's net assets (equity) are the difference between assets and liabilities.

The **Statement of Activities** provides information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The **Statement of Cash Flows** provides information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating and investing activities.

## NET ASSETS

Table 1 summarizes the Net Assets of the Corporation.

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

Managements Discussion and Analysis  
For the Years Ended December 31, 2010 and 2009  
(Unaudited)

TABLE 1

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	\$ <u>116,857</u>	\$ <u>117,834</u>	\$ <u>(977)</u>
Total Assets	<u>116,857</u>	<u>117,834</u>	<u>(977)</u>
Liabilities:			
	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets:			
Unrestricted net assets	\$ <u>116,857</u>	\$ <u>117,834</u>	\$ <u>(977)</u>

**STATEMENT OF ACTIVITIES**

Table 2 below summarizes the changes in Revenues and Expenses and the resulting changes in Net Assets.

TABLE 2

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Operating Revenues:			
Investment Income	\$ 61	\$ 1,450	\$ (1,389)
Other Income	<u>-</u>	<u>81</u>	<u>(81)</u>
Total operating revenues	<u>61</u>	<u>1,531</u>	<u>(1,470)</u>
Operating Expenses:			
Operating	1,038	1,497	(459)
Job Retention Incentive	<u>-</u>	<u>250,000</u>	<u>(250,000)</u>
Total operating expenses	<u>1,038</u>	<u>251,497</u>	<u>(250,459)</u>
Changes in net assets	(977)	(249,966)	248,989
Net assets at beginning of year	<u>117,834</u>	<u>367,800</u>	<u>(249,966)</u>
Net assets at end of year	\$ <u>116,857</u>	\$ <u>117,834</u>	\$ <u>(977)</u>

Revenues decreased by \$1,470 due to a significant economic impact on investment earnings.

Expenses decreased by \$250,459 from 2009 to 2010 due to no payment of a land purchase incentive during 2010.

**CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to Sheila D. Lanning, Village Fiscal Officer, Village of LaGrange, 355 South Center Street, LaGrange Ohio 44050.



**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Financial Position**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Assets:		
Cash and cash equivalents	\$ <u>116,857</u>	\$ <u>117,834</u>
Total assets	\$ <u><u>116,857</u></u>	\$ <u><u>117,834</u></u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
	\$ <u>          -</u>	\$ <u>          -</u>
Net Assets:		
Unrestricted	<u>116,857</u>	<u>117,834</u>
Total liabilities and net assets	\$ <u><u>116,857</u></u>	\$ <u><u>117,834</u></u>

The accompanying notes are an integral part of these basic financial statements

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Activities**

**For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenue:		
Interest Income	\$ 61	\$ 1,450
Other Income	<u>-</u>	<u>81</u>
Total revenue	<u>61</u>	<u>1,531</u>
Expenses:		
Operating	1,038	1,497
Job Retention Incentive	<u>-</u>	<u>250,000</u>
Total expenses	<u>1,038</u>	<u>251,497</u>
Increase (Decrease) in Net Assets	(977)	(249,966)
Net assets at beginning of year	<u>117,834</u>	<u>367,800</u>
Net assets at end of year	\$ <u>116,857</u>	\$ <u>117,834</u>

The accompanying notes are an integral part of these basic financial statements

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Cash Flows**

**For The Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Cash from Operating Revenue	\$ -	\$ 81
Cash for Operating Expenses	(1,038)	(1,497)
Cash for Job Retention Incentive	<u>-</u>	<u>(250,000)</u>
Net Cash from Operating Activities	(1,038)	(251,416)
Cash Flows from Investing Activities:		
Investment Income	61	1,450
Net increase (decrease) in Cash and Cash Equivalents	(977)	(249,966)
Cash and cash equivalents at beginning of year	<u>117,834</u>	<u>367,800</u>
Cash and cash equivalents at end of year	\$ <u>116,857</u>	\$ <u>117,834</u>

The accompanying notes are an integral part of these basic financial statements

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**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The LaGrange Community Improvement Corporation (the Corporation) was incorporated in 2005 under the authority of Ohio Revised Code section 1724. The Corporation is a nonprofit entity which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of 38.96 acres of property jointly owned by the Village of LaGrange and LaGrange Township.

The Corporation was formed by a partnership of the Village of LaGrange and LaGrange Township. The Board of Directors consists of three to five members. The Village and Township are entitled to appoint up to two members with the fifth member being appointed by a majority vote of the other Board members. At any point in time at least 40% of the Board members must be elected officials of either the Village or Township. During the audit period the Board consisted of four members.

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

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**C. Basis of Presentation**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**D. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Corporation does not own any investments. The Corporation values certificates of deposit at cost.

**E. Income Taxes**

The Corporation is tax-exempt, under Section 501(c)(3) of the Internal Revenue Code of 1986. No provision for Federal income taxes has been reported in its financial statements.

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets**

Proceeds from the sale of parcels of property are owned equally by the Village and the Township. Net Assets not yet distributed are held in a bank Certificate of Deposit and the checking account.

Complete distribution of proceeds from the property sales will not be complete until the obligation of the CDBG grant has been met. The CDBG grant was awarded to the Lorain County Commissioners on behalf of the Village and the Township.

**2. Equity in Pooled Deposits and Investments**

The carrying amount of deposits at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$1,857	\$2,778
Certificates of deposit	115,000	115,056
Total deposits and investments	<u>\$116,857</u>	<u>\$117,834</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Subsequent Events**

In January 2011, the Corporation distributed a \$100,000 jobs creation incentive, leaving the Corporation with a significantly lower cash balance. When the Corporation sells the last property it owns on behalf of the Village and the Township, the remaining cash and proceeds will be distributed evenly between the Village and the Township and the Corporation will be dissolved.



# Dave Yost • Auditor of State

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

LaGrange Community Improvement Corporation  
Lorain County  
355 South Center Street  
LaGrange, Ohio 44050

To the Board of Directors:

We have audited the financial statements of the business-type activities of the LaGrange Community Improvement Corporation, Lorain County, Ohio (the Corporation) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 29, 2011. 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 Corporation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

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

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

### Compliance and Other Matters

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

LaGrange Community Improvement Corporation  
Lorain County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and On Compliance and Other Matters  
Required by *Government Auditing Standards*

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 29, 2011





# Dave Yost • Auditor of State

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION**

**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  
OCTOBER 13, 2011**