



**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

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LORAIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

LaGrange Township  
Lorain County  
353 South Center Street  
PO Box 565  
LaGrange, Ohio 44050

To the Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LaGrange Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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 Township 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 Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because 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, each major fund, and the aggregate remaining fund information of LaGrange Township, Lorain County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire and EMS Levy Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, for the years ended December 31, 2007 and December 31, 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 17, 2008

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

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This discussion and analysis of LaGrange Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights are as follows:

For 2007, net assets of governmental activities increased \$9,349, or 1 percent, an insignificant change from the prior year.

For 2006, net assets of governmental activities increased by \$148,667, or seventeen (17%) percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest increase in income in 2006 due to an increased amount of intergovernmental revenue combined with a decrease in the amount of expenditures. Other income increased due to prudent spending habits.

The Township's general receipts are primarily property and other local taxes. Property tax receipts represent fifty-four (54%) of the total cash received for governmental activities during both 2007 and 2006.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Township has no business-type activity. Business-type activities are financed by a fee charged to the customers receiving the service.



**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Fire and EMS Levy, and Fire and EMS Equipment funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township's agency fund accounts for the three percent assessment of permit fees to the Board of Building Standards.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006, and 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$1,006,616	\$997,267	\$848,600
Total Assets	1,006,616	997,267	848,600
<b>Net Assets</b>			
Restricted for:			
Capital Projects	80,373	258,507	189,481
Debt Service	163	163	163
Other Purposes	600,163	551,516	474,223
Unrestricted	325,917	187,081	184,733
Total Net Assets	1,006,616	997,267	848,600

As mentioned previously, net assets of governmental activities increased \$9,349, or 1 percent during 2007 and \$148,667, or seventeen (17%) percent during 2006. The primary reason contributing to the increases was a more conservative spending approach.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

Table 2 provides a summary of the Township's changes in net assets for 2007 compared to 2006, and 2006 compared to 2005 on a cash basis:

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$125,553	\$94,021	\$98,453
Operating Grants and Contributions	92,157	86,782	95,603
Capital Grants and Contributions	0	0	24,212
Total Program Receipts	<u>217,710</u>	<u>180,803</u>	<u>218,268</u>
General Receipts:			
Property and Other Local Taxes	652,239	616,277	612,550
Grants and Entitlements Not Restricted to Specific Programs	258,005	270,622	200,751
Interest	43,823	40,401	23,508
Miscellaneous	32,826	24,137	25,577
Total General Receipts	<u>986,893</u>	<u>951,437</u>	<u>862,386</u>
Total Receipts	<u>1,204,603</u>	<u>1,132,240</u>	<u>1,080,654</u>
Disbursements:			
General Government	195,954	204,965	206,812
Public Safety	264,898	288,921	234,341
Public Works	330,385	250,059	245,497
Health	47,477	44,107	41,657
Conservation-Recreation	25,500	54,500	62,310
Capital Outlay	285,366	68,476	161,906
Other	0	26,871	3,900
Debt Service:			
Principal Retirement	36,985	35,344	33,737
Interest and Fiscal Charges	8,689	10,330	11,937
Total Disbursements	<u>1,195,254</u>	<u>983,573</u>	<u>1,002,097</u>
Increase (Decrease) in Net Assets	9,349	148,667	78,557
Net Assets, January 1	<u>997,267</u>	<u>848,600</u>	<u>770,043</u>
Net Assets, December 31	<u>\$1,006,616</u>	<u>\$997,267</u>	<u>\$848,600</u>

Program receipts represents 18 percent and 16 percent of total receipts in 2007 and 2006, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

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General receipts represent 82 percent and 84 percent of the Township's total receipts in 2007 and 2006, respectively. Property and other local taxes make up a majority of the balance of the Township's general receipts (66 and 65 percent for 2007 and 2006, respectively). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Board of Trustees/ Fiscal Officer, Zoning Department and various boards, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of fire protection/ambulance service, Pubic Health Services are fees paid to the Lorain County health department. Public Works is the cost of maintaining the roads. Conservation-Recreation is the costs of maintaining the parks and playing fields.

**Governmental Activities**

If you look at the Statement of Activities on pages 12 and 23, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. For 2007, the major program disbursements for governmental activities are for public works and capital outlay, which account for 28 and 24 percent of all governmental disbursements, respectively. For 2006, the major program disbursements for governmental activities are for public safety and public works, which account for 29 and 25 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

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A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$195,954	(\$180,342)	\$204,965	(\$186,657)
Public Safety	264,898	(172,457)	288,921	(227,308)
Public Works	330,385	(238,228)	250,059	(163,277)
Health	47,477	(47,477)	44,107	(44,107)
Human Services	0	17,500	0	14,100
Conservation-Recreation	25,500	(25,500)	54,500	(54,500)
Capital Outlay	285,366	(285,366)	68,476	(68,476)
Other	0	0	26,871	(26,871)
Principal Retirement	36,985	(36,985)	35,344	(35,344)
Interest and Fiscal Charges	8,689	(8,689)	10,330	(10,330)
<b>Total Expenses</b>	<b>\$1,195,254</b>	<b>(\$977,544)</b>	<b>\$983,573</b>	<b>(\$802,770)</b>

**The Government's Funds**

For 2007, total governmental funds had receipts of \$1,204,603 and disbursements of \$1,195,254. For 2006, total governmental funds had receipts of \$1,132,240 and disbursements of \$983,573. The greatest change within governmental funds occurred within the Fire and EMS Equipment Fund in 2007 and 2006. The fund balance of the Fire and EMS Equipment Fund decreased \$178,134 in 2007 due to increased capital outlay expenditures. The Fire and EMS Equipment Fund increased \$69,026 in 2006 due to a transfer from the General Fund.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its General Fund budget to reflect changing circumstances. Actual receipts were above final budgeted receipts due to increase in interest income and inheritance income. The difference between final budgeted receipts and actual receipts was significant.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure. Implementation of a tracking system is not yet definite.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and December 31, 2006  
Unaudited

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**Debt**

At December 31, 2007, the Township's outstanding debt totaled \$165,210 in a park land note issued to pay the Townships portion of a joint venture with the Village of LaGrange to develop approximately 40 acres of land co-owned by the Township and Village. For further information regarding Township's debt, refer to Note 10 to basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our prudent spending habits help to ease the crunch in property tax. We continue to have support for our levy's and live within the income they produce. We have had no new levies, they are always renewals.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Roberta Dove Moore, Fiscal Officer, LaGrange Township, 353 South Center Street, P.O. Box 565, LaGrange, Ohio 44050.

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**LaGrange Township**  
**Lorain County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,006,616</u>
<i>Total Assets</i>	<u><u>\$1,006,616</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$80,373
Debt Service	163
Other Purposes	600,163
Unrestricted	<u>325,917</u>
<i>Total Net Assets</i>	<u><u>\$1,006,616</u></u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$195,954	\$15,612	\$0	(\$180,342)
Public Safety	264,898	92,441	0	(172,457)
Public Works	330,385	0	92,157	(238,228)
Health	47,477	0	0	(47,477)
Human Services	0	17,500	0	17,500
Conservation-Recreation	25,500	0	0	(25,500)
Capital Outlay	285,366	0	0	(285,366)
Debt Service:				
Principal Retirement	36,985	0	0	(36,985)
Interest and Fiscal Charges	8,689	0	0	(8,689)
<b>Total Governmental Activities</b>	<b>\$1,195,254</b>	<b>\$125,553</b>	<b>\$92,157</b>	<b>(977,544)</b>
<b>General Receipts</b>				
Property Taxes				652,239
Grants and Entitlements not Restricted to Specific Programs				258,005
Interest				43,823
Miscellaneous				32,826
<i>Total General Receipts</i>				986,893
Change in Net Assets				9,349
<i>Net Assets Beginning of Year</i>				997,267
<i>Net Assets End of Year</i>				<b>\$1,006,616</b>

See accompanying notes to the basic financial statements



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**LaGrange Township**  
**Lorain County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$325,917	\$115,283	\$165,832	\$286,576
<i>Total Assets</i>	<u>\$325,917</u>	<u>\$115,283</u>	<u>\$165,832</u>	<u>\$286,576</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$0	\$0	\$0	\$16,291
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	325,917	0	0	0
Special Revenue Funds	0	115,283	165,832	270,285
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>\$325,917</u>	<u>\$115,283</u>	<u>\$165,832</u>	<u>\$286,576</u>

See accompanying notes to the basic financial statements

Fire and EMS Equipment	Other Governmental Funds	Total Governmental Funds
\$80,373	\$32,635	\$1,006,616
<u>\$80,373</u>	<u>\$32,635</u>	<u>\$1,006,616</u>
\$0	\$0	\$16,291
0	0	325,917
0	32,472	583,872
0	163	163
80,373	0	80,373
<u>\$80,373</u>	<u>\$32,635</u>	<u>\$1,006,616</u>

**LaGrange Township**  
**Lorain County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy
<b>Receipts</b>				
Property and Other Local Taxes	\$187,409	\$0	\$166,954	\$277,007
Charges for Services	0	0	0	92,441
Licenses, Permits and Fees	15,612	0	0	0
Intergovernmental	165,132	86,434	23,183	40,344
Interest	33,053	5,271	0	0
Other	2,922	0	7,117	16,577
<i>Total Receipts</i>	<u>404,128</u>	<u>91,705</u>	<u>197,254</u>	<u>426,369</u>
<b>Disbursements</b>				
Current:				
General Government	195,292	0	0	662
Public Safety	0	0	0	264,898
Public Works	19,827	107,423	161,927	0
Health	0	0	0	0
Conservation-Recreation	0	0	0	0
Capital Outlay	4,499	0	4,793	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>219,618</u>	<u>107,423</u>	<u>166,720</u>	<u>265,560</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>184,510</u>	<u>(15,718)</u>	<u>30,534</u>	<u>160,809</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	(45,674)	0	0	(92,441)
Advances In	7,315	0	0	0
Advances Out	(7,315)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(45,674)</u>	<u>0</u>	<u>0</u>	<u>(92,441)</u>
<i>Net Change in Fund Balances</i>	138,836	(15,718)	30,534	68,368
<i>Fund Balances Beginning of Year</i>	<u>187,081</u>	<u>131,001</u>	<u>135,298</u>	<u>218,208</u>
<i>Fund Balances End of Year</i>	<u>\$325,917</u>	<u>\$115,283</u>	<u>\$165,832</u>	<u>\$286,576</u>

See accompanying notes to the basic financial statements

Fire and EMS Equipment	Other Governmental Funds	Total Governmental Funds
\$0	\$20,869	\$652,239
0	0	92,441
0	17,500	33,112
0	35,069	350,162
5,499	0	43,823
0	6,210	32,826
<u>5,499</u>	<u>79,648</u>	<u>1,204,603</u>
0	0	195,954
0	0	264,898
0	41,208	330,385
0	47,477	47,477
0	25,500	25,500
276,074	0	285,366
0	36,985	36,985
0	8,689	8,689
<u>276,074</u>	<u>159,859</u>	<u>1,195,254</u>
<u>(270,575)</u>	<u>(80,211)</u>	<u>9,349</u>
92,441	45,674	138,115
0	0	(138,115)
0	7,315	14,630
0	(7,315)	(14,630)
<u>92,441</u>	<u>45,674</u>	<u>0</u>
(178,134)	(34,537)	9,349
<u>258,507</u>	<u>67,172</u>	<u>997,267</u>
<u>\$80,373</u>	<u>\$32,635</u>	<u>\$1,006,616</u>

**LaGrange Township**  
**Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$193,786	\$193,786	\$187,409	(\$6,377)
Licenses, Permits and Fees	20,000	20,000	15,612	(4,388)
Intergovernmental	117,054	117,054	165,132	48,078
Interest	25,000	25,000	33,053	8,053
Other	10,000	10,000	2,922	(7,078)
<i>Total receipts</i>	<u>365,840</u>	<u>365,840</u>	<u>404,128</u>	<u>38,288</u>
<b>Disbursements</b>				
Current:				
General Government	262,311	261,300	195,292	66,008
Public Works	33,500	33,500	19,827	13,673
Health	30,000	30,000	0	30,000
Capital Outlay	30,000	30,000	4,499	25,501
<i>Total Disbursements</i>	<u>355,811</u>	<u>354,800</u>	<u>219,618</u>	<u>135,182</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,029</u>	<u>11,040</u>	<u>184,510</u>	<u>173,470</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	10,000	10,000	0	(10,000)
Transfers Out	(99,000)	(99,000)	(45,674)	53,326
Advances In	0	10,000	7,315	(2,685)
Advances Out	(65,200)	(11,000)	(7,315)	3,685
Other Financing Uses	(1,000)	(66,200)	0	66,200
<i>Total Other Financing Sources (Uses)</i>	<u>(155,200)</u>	<u>(156,200)</u>	<u>(45,674)</u>	<u>110,526</u>
<i>Net Change in Fund Balance</i>	<u>(145,171)</u>	<u>(145,160)</u>	<u>138,836</u>	<u>283,996</u>
<i>Fund Balance Beginning of Year</i>	<u>187,081</u>	<u>187,081</u>	<u>187,081</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$41,910</u>	<u>\$41,921</u>	<u>\$325,917</u>	<u>\$283,996</u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$88,786	\$88,786	\$86,434	(\$2,352)
Interest	5,000	5,000	5,271	271
<i>Total receipts</i>	93,786	93,786	91,705	(2,081)
<b>Disbursements</b>				
Current:				
Public Works	150,000	150,000	107,423	42,577
<i>Total Disbursements</i>	150,000	150,000	107,423	42,577
<i>Net Change in Fund Balance</i>	(56,214)	(56,214)	(15,718)	40,496
<i>Fund Balance Beginning of Year</i>	131,001	131,001	131,001	0
<i>Fund Balance End of Year</i>	\$74,787	\$74,787	\$115,283	\$40,496

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$168,482	\$168,482	\$166,954	(\$1,528)
Intergovernmental	10,000	10,000	23,183	13,183
Other	10,000	10,000	7,117	(2,883)
<i>Total receipts</i>	<u>188,482</u>	<u>188,482</u>	<u>197,254</u>	<u>8,772</u>
<b>Disbursements</b>				
Current:				
Public Works	180,940	180,940	161,927	19,013
Capital Outlay	89,060	89,060	4,793	84,267
<i>Total Disbursements</i>	<u>270,000</u>	<u>270,000</u>	<u>166,720</u>	<u>103,280</u>
<i>Net Change in Fund Balance</i>	(81,518)	(81,518)	30,534	112,052
<i>Fund Balance Beginning of Year</i>	<u>135,298</u>	<u>135,298</u>	<u>135,298</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$53,780</u></u>	<u><u>\$53,780</u></u>	<u><u>\$165,832</u></u>	<u><u>\$112,052</u></u>

See accompanying notes to the basic financial statements



**LaGrange Township**  
**Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Fire and EMS Levy Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$317,600	\$317,600	\$277,007	(\$40,593)
Charges for Services	60,000	60,000	92,441	32,441
Intergovernmental	24,175	24,175	40,344	16,169
Other	2,500	2,500	16,577	14,077
<i>Total receipts</i>	<u>404,275</u>	<u>404,275</u>	<u>426,369</u>	<u>22,094</u>
<b>Disbursements</b>				
Current:				
General Government	3,100	3,100	662	2,438
Public Safety	364,463	364,463	264,898	99,565
Capital Outlay	99,937	99,937	0	99,937
<i>Total Disbursements</i>	<u>467,500</u>	<u>467,500</u>	<u>265,560</u>	<u>201,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(63,225)</u>	<u>(63,225)</u>	<u>160,809</u>	<u>224,034</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,000	1,000	0	(1,000)
Transfers Out	(92,500)	(92,500)	(92,441)	59
Advances In	0	1,000	0	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(91,500)</u>	<u>(90,500)</u>	<u>(92,441)</u>	<u>(1,941)</u>
<i>Net Change in Fund Balance</i>	<u>(154,725)</u>	<u>(153,725)</u>	<u>68,368</u>	<u>222,093</u>
<i>Fund Balance Beginning of Year</i>	<u>218,208</u>	<u>218,208</u>	<u>218,208</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$63,483</u>	<u>\$64,483</u>	<u>\$286,576</u>	<u>\$222,093</u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$376</u>
<i>Total Assets</i>	<u><u>\$376</u></u>
<b>Net Assets</b>	
Held in Trust for Various Deposits	<u>\$376</u>
<i>Total Fund Balances</i>	<u><u>\$376</u></u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$997,267</u>
<i>Total Assets</i>	<u><u>\$997,267</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$258,507
Debt Service	163
Other Purposes	551,516
Unrestricted	<u>187,081</u>
<i>Total Net Assets</i>	<u><u>\$997,267</u></u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain 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 and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$204,965	\$18,308	\$0	(\$186,657)
Public Safety	288,921	61,613	0	(227,308)
Public Works	250,059	0	86,782	(163,277)
Health	44,107	0	0	(44,107)
Human Services	0	14,100	0	14,100
Conservation-Recreation	54,500	0	0	(54,500)
Capital Outlay	68,476	0	0	(68,476)
Other	26,871	0	0	(26,871)
Debt Service:				
Principal Retirement	35,344	0	0	(35,344)
Interest and Fiscal Charges	10,330	0	0	(10,330)
<b>Total Governmental Activities</b>	<u>\$983,573</u>	<u>\$94,021</u>	<u>\$86,782</u>	<u>(802,770)</u>
<b>General Receipts</b>				
Property Taxes				616,277
Grants and Entitlements not Restricted to Specific Programs				270,622
Interest				40,401
Miscellaneous				24,137
<i>Total General Receipts</i>				<u>951,437</u>
Change in Net Assets				148,667
<i>Net Assets Beginning of Year</i>				<u>848,600</u>
<i>Net Assets End of Year</i>				<u>\$997,267</u>

See accompanying notes to the basic financial statements

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**LaGrange Township**  
**Lorain County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$187,081	\$131,001	\$135,298	\$218,208
<i>Total Assets</i>	<u>\$187,081</u>	<u>\$131,001</u>	<u>\$135,298</u>	<u>\$218,208</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	187,081	0	0	0
Special Revenue Funds	0	131,001	135,298	218,208
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>\$187,081</u>	<u>\$131,001</u>	<u>\$135,298</u>	<u>\$218,208</u>

See accompanying notes to the basic financial statements

<u>Fire and EMS Equipment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$258,507	\$67,172	\$997,267
<u>\$258,507</u>	<u>\$67,172</u>	<u>\$997,267</u>

0	0	187,081
0	67,009	551,516
0	163	163
258,507	0	258,507
<u>\$258,507</u>	<u>\$67,172</u>	<u>\$997,267</u>

**LaGrange Township**  
**Lorain County**

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

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy
<b>Receipts</b>				
Property and Other Local Taxes	\$167,583	\$0	\$149,194	\$280,851
Charges for Services	0	0	0	61,613
Licenses, Permits and Fees	18,308	0	0	0
Intergovernmental	142,656	80,759	22,687	49,217
Interest	29,438	3,551	0	0
Other	9,039	0	9,267	2,707
<i>Total Receipts</i>	<u>367,024</u>	<u>84,310</u>	<u>181,148</u>	<u>394,388</u>
<b>Disbursements</b>				
Current:				
General Government	195,082	0	0	0
Public Safety	0	0	0	288,922
Public Works	9,711	53,283	137,924	0
Health	5,674	0	0	0
Conservation-Recreation	0	0	0	0
Capital Outlay	28,233	0	21,500	18,743
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>238,700</u>	<u>53,283</u>	<u>159,424</u>	<u>307,665</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>128,324</u>	<u>31,027</u>	<u>21,724</u>	<u>86,723</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	(99,105)	0	0	(61,613)
Advances In	10,000	0	0	0
Advances Out	(10,000)	0	0	0
Other Financing Uses	(26,871)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(125,976)</u>	<u>0</u>	<u>0</u>	<u>(61,613)</u>
<i>Net Change in Fund Balances</i>	2,348	31,027	21,724	25,110
<i>Fund Balances Beginning of Year</i>	<u>184,733</u>	<u>99,974</u>	<u>113,574</u>	<u>193,098</u>
<i>Fund Balances End of Year</i>	<u><u>\$187,081</u></u>	<u><u>\$131,001</u></u>	<u><u>\$135,298</u></u>	<u><u>\$218,208</u></u>

See accompanying notes to the basic financial statements



Fire and EMS Equipment	Other Governmental Funds	Total Governmental Funds
\$0	\$18,649	\$616,277
0	0	61,613
0	14,100	32,408
0	62,084	357,403
7,413	0	40,402
0	3,124	24,137
<u>7,413</u>	<u>97,957</u>	<u>1,132,240</u>
0	9,883	204,965
0	0	288,922
0	49,140	250,058
0	38,433	44,107
0	54,500	54,500
0	0	68,476
0	35,344	35,344
0	10,330	10,330
<u>0</u>	<u>197,630</u>	<u>956,702</u>
<u>7,413</u>	<u>(99,673)</u>	<u>175,538</u>
61,613	99,105	160,718
0	0	(160,718)
0	0	10,000
0	0	(10,000)
0	0	(26,871)
<u>61,613</u>	<u>99,105</u>	<u>(26,871)</u>
69,026	(568)	148,667
<u>189,481</u>	<u>67,740</u>	<u>848,600</u>
<u>\$258,507</u>	<u>\$67,172</u>	<u>\$997,267</u>

**LaGrange Township**  
**Lorain 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$181,177	\$181,177	\$167,583	(\$13,594)
Licenses, Permits and Fees	16,000	16,000	18,308	2,308
Intergovernmental	117,820	117,820	142,656	24,836
Interest	15,000	15,000	29,438	14,438
Other	3,000	3,000	9,039	6,039
<i>Total receipts</i>	<u>332,997</u>	<u>332,997</u>	<u>367,024</u>	<u>34,027</u>
<b>Disbursements</b>				
Current:				
General Government	258,600	259,600	195,082	64,518
Public Works	28,400	28,400	9,711	18,689
Health	30,000	30,000	5,674	24,326
Capital Outlay	30,000	30,000	28,233	1,767
<i>Total Disbursements</i>	<u>347,000</u>	<u>348,000</u>	<u>238,700</u>	<u>109,300</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,003)</u>	<u>(15,003)</u>	<u>128,324</u>	<u>143,327</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(110,000)	(110,000)	(99,105)	10,895
Advances In	0	0	10,000	10,000
Advances Out	0	(10,000)	(10,000)	0
Other Financing Uses	(49,500)	(49,500)	(26,871)	22,629
<i>Total Other Financing Sources (Uses)</i>	<u>(159,500)</u>	<u>(169,500)</u>	<u>(125,976)</u>	<u>43,524</u>
<i>Net Change in Fund Balance</i>	<u>(173,503)</u>	<u>(184,503)</u>	<u>2,348</u>	<u>186,851</u>
<i>Fund Balance Beginning of Year</i>	<u>184,733</u>	<u>184,733</u>	<u>184,733</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,230</u>	<u>\$230</u>	<u>\$187,081</u>	<u>\$186,851</u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$153,534	\$53,580	\$80,759	\$27,179
Interest	0	0	3,551	3,551
<i>Total receipts</i>	153,534	53,580	84,310	30,730
<b>Disbursements</b>				
Current:				
Public Works	150,000	150,000	53,283	96,717
<i>Total Disbursements</i>	150,000	150,000	53,283	96,717
<i>Net Change in Fund Balance</i>	3,534	(96,420)	31,027	127,447
<i>Fund Balance Beginning of Year</i>	99,974	99,974	99,974	0
<i>Fund Balance End of Year</i>	\$103,508	\$3,554	\$131,001	\$127,447

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$153,100	\$153,100	\$149,194	(\$3,906)
Intergovernmental	17,500	17,500	22,687	5,187
Other	3,000	3,000	9,267	6,267
<i>Total receipts</i>	<u>173,600</u>	<u>173,600</u>	<u>181,148</u>	<u>7,548</u>
<b>Disbursements</b>				
Current:				
Public Works	168,450	168,450	137,924	30,526
Capital Outlay	118,550	118,550	21,500	97,050
<i>Total Disbursements</i>	<u>287,000</u>	<u>287,000</u>	<u>159,424</u>	<u>127,576</u>
<i>Net Change in Fund Balance</i>	(113,400)	(113,400)	21,724	135,124
<i>Fund Balance Beginning of Year</i>	<u>113,574</u>	<u>113,574</u>	<u>113,574</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$174</u>	<u>\$174</u>	<u>\$135,298</u>	<u>\$135,124</u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire and EMS Levy Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$288,000	\$288,000	\$280,851	(\$7,149)
Charges for Services	87,000	87,000	61,613	(25,387)
Intergovernmental	31,000	31,000	49,217	18,217
Other	1,500	1,500	2,707	1,207
<i>Total receipts</i>	<u>407,500</u>	<u>407,500</u>	<u>394,388</u>	<u>(13,112)</u>
<b>Disbursements</b>				
Current:				
Public Safety	388,963	384,463	288,922	95,541
Capital Outlay	210,537	138,537	18,743	119,794
<i>Total Disbursements</i>	<u>599,500</u>	<u>523,000</u>	<u>307,665</u>	<u>215,335</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(192,000)</u>	<u>(115,500)</u>	<u>86,723</u>	<u>202,223</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(77,000)	(61,613)	15,387
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(77,000)</u>	<u>(61,613)</u>	<u>15,387</u>
<i>Net Change in Fund Balance</i>	<u>(192,000)</u>	<u>(192,500)</u>	<u>25,110</u>	<u>217,610</u>
<i>Fund Balance Beginning of Year</i>	<u>193,098</u>	<u>193,098</u>	<u>193,098</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,098</u>	<u>\$598</u>	<u>\$218,208</u>	<u>\$217,610</u>

See accompanying notes to the basic financial statements

**LaGrange Township**  
**Lorain County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$376</u>
<i>Total Assets</i>	<u><u>\$376</u></u>
<b>Net Assets</b>	
Held in Trust for Various Deposits	<u>\$376</u>
<i>Total Fund Balances</i>	<u><u>\$376</u></u>

See accompanying notes to the basic financial statements

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 1 – Reporting Entity**

LaGrange Township, Lorain County, Ohio (the Township), is a body politic and corporate established in 1827 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads and bridges. The Township contracts with the City of Oberlin and Village of South Amherst for fire protection and is served by the Central Lorain County Ambulance District for ambulance service. Police protection is provided by the Lorain County Sheriff.

**B. Joint Ventures and Public Entity Risk Pools**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

The Township and the Village of LaGrange formed a joint park and recreation board pursuant to Ohio Revised Code Section 755.14(B). Note 12 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township 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, 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. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township'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.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

A. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements show only those activities of the Township that are governmental because the Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental 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 Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township 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 Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township 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 Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. For Fiscal Years 2007 and 2006, the Township had the following major 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 Township for any purpose provided it is expended or transferred according to the general laws of Ohio.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Fund Accounting (Continued)**

**Governmental Funds (Continued)**

*Gasoline Tax Fund* – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

*Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Fire and EMS Levy Fund* – This fund receives property tax money to provide for general operating expenses of fire and emergency medical services.

*Fire and EMS Equipment Fund* – This fund provides for capital equipment purchases for fire and emergency medical services.

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

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for commercial permit fees collected and paid to an outside inspector.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township'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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency 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 Township may appropriate.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Process (Continued)**

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund 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 Township Fiscal Officer. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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 Township during the year.

**E. Cash and Investments**

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007 and 2006, the Township only invested in a money market mutual fund. The Township's money market mutual fund investment is recorded at the amount reported by FirstMerit Bank on December 31, 2007 and December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund was \$33,053 and \$29,438 which includes \$20,594 and \$11,964 assigned from other Township funds during 2007 and 2006, respectively.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**LAGRANGE TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**G. Inventory and Prepaid Items**

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

**H. 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.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. 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 Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**L. Long-Term Obligations**

The Township's 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.

**M. 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. The Township'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.

**N. Fund Balance Reserves**

The Township 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. Fund balance reserves have been established for encumbrances.

**LAGRANGE TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the fiscal year ended December 31, 2006, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – 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, Gasoline Tax, Road and Bridge, and Fire and EMS Levy funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 5 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township 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 the Trustees have 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.

**LAGRANGE TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 5 - Deposits and Investments (Continued)**

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.

Interim monies held by the Township 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).

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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

The carrying value of the Township's deposits is \$1,006,992 and \$997,643 for 2007 and 2006, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. \$966,665 of the Township's bank balance of \$1,066,665 at December 31, 2007, and \$938,698 of the Township's bank balance of \$1,038,698 at December 31, 2006 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 Township's name.

**LAGRANGE TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 5 - Deposits and Investments (Continued)**

Deposits (Continued)

The Township 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 Township 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 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 (2007) for real and public utility property taxes represents collections of the 2005 (2006) taxes. Property tax payments received during 2006 (2007) for tangible personal property (other than public utility property) is for 2006 (2007) taxes.

2006 (2007) real property taxes are levied after October 1, 2006 (2007) on the assessed values as of January 1, 2006 (2007), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 (2007) real property taxes are collected in and intended to finance 2007 (2008).

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 (2007) public utility property taxes which became a lien on December 31, 2005 (2006), are levied after October 1, 2006 (2007), and are collected in 2007 (2008) with real property taxes.

2006 (2007) tangible property taxes are levied after October 1, 2005 (2006), on the value as of December 31, 2005 (2006). Collections are made in 2006 (2007). Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 6 – Property Taxes (Continued)**

The full tax rate for all Township operations for the year ended December 31, 2007, was \$6.28 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Mobile Home	\$88,198,370
Commercial/Industrial/Railroad	1,457,190
Public Utility Property	4,541,910
Tangible Personal Property	514,125
Total Assessed Values	<u>\$94,711,595</u>

The full tax rate for all Township operations for the year ended December 31, 2006, was \$6.28 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/Mobile Home	\$77,658,800
Commercial/Industrial/Railroad	1,190,300
Public Utility Property	4,398,300
Tangible Personal Property	553,056
Total Assessed Values	<u>\$83,800,456</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 7 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA 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, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA 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 OTARMA.

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**NOTES TO THE FINANCIAL STATEMENTS  
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(CONTINUED)**

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**Note 7 – Risk Management (Continued)**

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).

Property Coverage

Through 2004, OTARMA 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. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate 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 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA'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

OTARMA'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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$28,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA 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 OTARMA for each year of membership.



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**Note 7 – Risk Management (Continued)**

**Contributions to OTARMA**

2005	\$35,335
2006	\$35,331
2007	\$30,314

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 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.

**Note 8 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description - The Township 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and 2006, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Township's contribution rate for 2007 and 2006 was 13.85 and 13.70 percent, respectively. For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For 2006, a portion equal to 4.5 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

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**NOTES TO THE FINANCIAL STATEMENTS  
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(CONTINUED)**

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**Note 8 – Defined Benefit Pension Plan (Continued)**

Ohio Public Employees Retirement System (Continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$26,967, \$27,434, and \$25,176 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Social Security System

Effective August 3, 1992, any new part-time Township firefighter is no longer covered by OPERS and must contribute to social security. The Township's liability is 6.2 percent of wages paid.

**Note 9 - Postemployment Benefits**

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which 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.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007 and 2006, local government employers contributed 13.85 and 13.70 percent, respectively, of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For 2006, a portion equal to 4.5 percent of covered payroll was allocated to fund the postemployment healthcare plan.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

**LAGRANGE TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
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(CONTINUED)**

**Note 9 – Postemployment Benefits (Continued)**

Ohio Public Employees Retirement System (Continued)

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$15,236, \$13,419, and \$10,545 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Park Land Note 2003 Issue	4.54%	\$202,195	\$0	\$36,985	\$165,210

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
Park Land Note 2003 Issue	4.54%	\$237,539	\$0	\$35,344	\$202,195

The Park Land Note was issued to pay for the Township's portion of a joint venture with Village of LaGrange to develop approximately 40 acres of land co-owned by the Village and Township.

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

Year	Park Land Note	
	Principal	Interest
2008	\$38,580	\$7,093
2009	40,373	5,301
2010	42,227	3,447
2011	44,030	1,508
Totals	<u>\$165,210</u>	<u>\$17,349</u>

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(CONTINUED)**

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**Note 11 – Interfund Transfers**

During 2007 the following transfers were made:

Transfers from the General Fund to:	
General Note Retirement Fund	\$45,674
Transfers from Fire and EMS Levy Fund	
Fire and EMS Equipment Fund	<u>92,441</u>
Total Transfers from the General Fund	<u>\$138,115</u>

During 2006 the following transfers were made:

Transfers from the General Fund to:	
General Note Retirement Fund	\$45,674
Community Park Fund	53,431
Transfers from Fire and EMS Levy Fund	
Fire and EMS Equipment Fund	<u>61,613</u>
Total Transfers from the General Fund	<u>\$160,718</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers from the Fire and EMS Levy Fund to the Fire and EMS Equipment Fund represent the amounts received from EMS service charges which will be used to purchase equipment.

**Note 12 – Joint Ventures**

LaGrange Township and the Village of LaGrange formed a joint park and recreation board pursuant to Ohio Revised Code Section 755.14(B) which is a joint venture. The LaGrange Community Park is governed by five members who are residents of either the Village or the Township. A chairperson is appointed for a term of one year on an alternating basis by the Township and the Village. The other Board members are appointed by the Township and the Village proportionately. The Board exercises all powers to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and recreation centers. The participants retain an ongoing financial interest and responsibility. The Township appointed a voting majority of the members in fiscal year 2003 and may dissolve the Board at any time, upon one year written notice to the Village. Financial information may be obtained by contacting Debbie Zarbaugh, Clerk-Treasurer, 355 South Center Street, LaGrange, Ohio 44050.

LaGrange Township and the Village of LaGrange formed a joint community improvement corporation in 2005 pursuant to Ohio Revised Code Section 1724 which is a joint venture. The LaGrange Community Improvement Corporation is governed by a Board of Directors which consists of three to five members. The Village and Township are entitled to appoint 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 the Village or Township. The Corporation 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 LaGrange Township and the Village of LaGrange.



# 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*

LaGrange Township  
Lorain County  
353 South Center Street  
P.O. Box 565  
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LaGrange Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 17, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township 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 Township. 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 Township'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 Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township'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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Township'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

Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township'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. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 17, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township'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 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 17, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

December 17, 2008

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Proper Encumbering – Noncompliance Finding**

Ohio Revised 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 fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any 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.

There are several exceptions to the standard requirement stated above that a fiscal officer's 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 fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers 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 Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer 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.

Thirty-three percent (15 of 46 transactions) in 2007 and 28 percent (9 of 32 transactions) in 2006 of the non-payroll transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the Township 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 Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2007-001 (Continued)**

**Proper Encumbering – Noncompliance Finding (Continued)**

We recommend the Township 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 fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Official's Response**

Blanket certificates or regular purchase orders are opened and signed at the first regular meeting of the year for all accounts used on a regular basis. During the later part of the year if purchases go over the original amount, or if unexpected purchases are made, the blanket purchase order or regular purchase order is completed at the same time payment for the invoice is created and both are signed, or denied, at the next regular meeting. Checks for payment of invoices are not signed or payment made without an open and approved blanket purchase order or regular purchase order. As always, it is not uncommon for the fiscal officer to be the last to know about a purchase. To deny a payment for any expenditure without prior approval would cause numerous payments to be made past the due date of the invoice and many times result in additional finance charges to the Township.

**FINDING NUMBER 2007-002**

**Expenditures Exceeding Appropriations – Noncompliance Finding**

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure or encumbrance unless it has been properly appropriated. Budgetary expenditures as enacted by the Board may not exceed appropriations at the legal level of control for all funds. The Board's legal level of control is fund level for all funds. The following funds had expenditures plus outstanding encumbrances in excess of appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures plus Outstanding Encumbrances</u>	<u>Variance</u>
At December 31, 2007			
Fire and EMS Capital Improvement	\$231,000	\$276,074	(\$45,074)
At December 31, 2006			
Solid Waste Grant	49,000	53,752	(4,752)

We recommend the Township verify that all expenditures and encumbrances have proper appropriation authority prior to expending funds or certify encumbrances and compare appropriations to expenditures and encumbrances in all funds which are legally required to be budgeted, at the legal level of control.

**Officials Response**

No comment.



**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2007-003**

**Legal Level of Budgetary Control – Noncompliance Finding**

Ohio Revised Code Section 5705.38 requires the minimum level of budgetary control for appropriation measures for “subdivisions” other than schools to be passed at the amounts appropriated for each office, department, and division and within each the amount appropriated for personal services.

During the audit period the Township passed appropriations at the fund level.

We recommend the Township modify their appropriation measures to be passed by the Board of Trustees at a minimum of fund, department, and object group level as required above.

**Officials Response**

Starting with fiscal year 2009, the Township will be appropriating at the line item level.

**FINDING NUMBER 2007-004**

**Ambulance Billing – Significant Deficiency**

The Township contracts with LifeCare Ambulance, Inc. for ambulance billing. LifeCare Ambulance does not provide a SAS 70 for these purposes. We completed alternative procedures to gain assurances over ambulance billings and receipts.

During our testing of ambulance billings and receipts, we noted the Township did not formally approve a rate for patients to be billed for services provided. During the audit period, the rates billed to patients were \$550 per run, plus \$5.50 per mile for 1/1/06-6/30/06, \$550 per run, plus \$6.00 per mile for 7/1/06-6/30/07, \$594 per run, plus \$6.48 per mile for 7/1/07-12/31/07. These rates were not formally updated and approved in the meeting minutes accepting the formal rate as charged by LifeCare.

We recommend the Township formally approve ambulance billing rates.

During our testing of ambulance billings, we noted several ambulance runs were not charged at the correct rate. Six out of 60 (10 percent) billings tested were not billed the correct amount. Of these six items, two were never billed, three were over billed, and one was billed under the informally accepted rate. This results in a projected error of under billing of about \$30 and a projected error of overbilling of approximately \$6,400.

The Township was unable to know of these errors because they are not provided any type of reports that would show them the amounts billed each month. The Township receives one report a month, which shows the amount collected on behalf of the patient. There is no reconciliation of amount charged, collected, and written off for the whole Township or per patient.

We recommend the Township receive, review, and approve the following reports from LifeCare. The first report should show the amounts billed on behalf of the Township for each month. This report should be reconciled with the Township’s monthly ambulance run reports. If there are any discrepancies or questions the Township should notify LifeCare. The second report should show the amount collected on behalf of the patient for the Township and the amount to be written off per patient. If an amount is written off a reason for the write-off should be provided and approved by the Township. These reports should be formally approved as an indication that they have been reviewed and are accurate.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2007-004 (Continued)**

**Officials Response**

Rates were approved verbally to LifeCare by a trustee and never brought up at a meeting. Reports of amounts billed are not received by the Township, just a report of a person billed and the amount collected.

**LAGRANGE TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Revised Code Section 5705.41(D)(1) Encumbrance of Funds	No	Not corrected; See finding 2007-001
2005-002	Ohio Revised Code Section 5705.41(B) Expenditures Exceeding Appropriations	No	Not corrected; See finding 2007-002
2005-003	Approval of ambulance billing rates and review of various reports from LifeCare Ambulance, Inc.	No	Not corrected; See finding 2007-003





**Mary Taylor, CPA**  
Auditor of State

**LAGRANGE TOWNSHIP**

**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  
JANUARY 20, 2009**