



Dave Yost • Auditor of State



**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the LaGrange Community Improvement Corporation, Lorain County, Ohio (the Corporation), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LaGrange Community Improvement Corporation, Lorain County, Ohio, as of December 31, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, during 2011 the LaGrange Community Improvement Corporation adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2013, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 10, 2013

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
(Unaudited)

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

**FINANCIAL HIGHLIGHTS**

The total assets of the Corporation equaled liabilities and net position on December 31, 2012 and 2011. The Corporation's net position was \$14,552 and \$14,725 on December 31, 2012 and 2011, respectively.

The Corporation's revenues consisted of earnings on investments. There was no sale of property and no associated revenue during the audit period. The Corporation experienced increased expenses in 2011 of \$100,000 due to a rebate to a local company for meeting their land purchase and job creation agreement.

The Corporation issued no debt in 2012 or 2011.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

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

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

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

**NET POSITION**

Table 1 summarizes the Net Position of the Corporation.

**TABLE 1**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Assets:			
Cash and Cash Equivalents	\$ <u>14,552</u>	\$ <u>14,725</u>	\$ <u>(173)</u>
Liabilities:			
	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Unrestricted	\$ <u>14,552</u>	\$ <u>14,725</u>	\$ <u>(173)</u>

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
(Unaudited)

**STATEMENT OF ACTIVITIES**

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

**TABLE 2**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Operating Revenues:			
Investment Income	\$ <u>-</u>	\$ <u>637</u>	<u>(637)</u>
Total Operating Revenues	<u>-</u>	<u>637</u>	<u>(637)</u>
Operating Expenses:			
Operating	173	2,769	(2,596)
Job Retention Incentive	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>
Total Operating Expenses	<u>173</u>	<u>102,769</u>	<u>(102,596)</u>
Change in Net Position	(173)	(102,132)	101,959
Net Position Beginning of Year	<u>14,725</u>	<u>116,857</u>	<u>(249,966)</u>
Net Position End of Year	\$ <u><u>14,552</u></u>	\$ <u><u>14,725</u></u>	\$ <u><u>(173)</u></u>

Revenues decreased by \$637 due to the Corporation liquidating its certificate of deposit during 2011.

Expenses decreased by \$102,596 from 2011 to 2012 due to no payment of a land purchase incentive during 2012.

**CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to Gary Kincannon, LaGrange Village Council President, Village of LaGrange, 355 South Center Street, LaGrange Ohio 44050.



**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Net Position**

**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and Cash Equivalents	\$ <u>14,552</u>	\$ <u>14,725</u>
Liabilities:		
	<u>-</u>	<u>-</u>
Net Position:		
Unrestricted	\$ <u><u>14,552</u></u>	\$ <u><u>14,725</u></u>

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

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Activities**

**For The Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenue:		
Interest Income	\$ _____ -	\$ _____ 637
Expenses:		
Operating	173	2,769
Job Retention Incentive	<u>          -</u>	<u>100,000</u>
Total Expenses	<u>173</u>	<u>102,769</u>
Change in Net Position	(173)	(102,132)
Net Position Beginning of Year	<u>14,725</u>	<u>116,857</u>
Net Position End of Year	\$ <u><u>14,552</u></u>	\$ <u><u>14,725</u></u>

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

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**Statement of Cash Flows**

**For The Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows For Operating Activities:		
Operating Expenses	\$ (173)	\$ (2,769)
Job Retention Incentive	<u>-</u>	<u>(100,000)</u>
Net Cash For Operating Activities	(173)	(102,769)
Cash Flows from Investing Activities:		
Investment Income	<u>-</u>	<u>637</u>
Net Decrease in Cash and Cash Equivalents	(173)	(102,132)
Cash and Cash Equivalents Beginning of Year	<u>14,725</u>	<u>116,857</u>
Cash and Cash Equivalents End of Year	\$ <u><u>14,552</u></u>	\$ <u><u>14,725</u></u>

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

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**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

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

**B. Basis of Accounting**

The Corporation is a single enterprise fund using proprietary fund accounting similar to private sector business.

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

**C. Basis of Presentation**

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

**D. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Corporation does not own any investments. The Corporation values certificates of deposit at cost. The Corporation had no certificates of deposit at December 31, 2012 or 2011.

**E. Income Taxes**

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

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION  
LORAIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**F. Capital Assets**

Proceeds from the sale of parcels of property are owned equally by the Village and the Township. Net Assets not yet distributed are held in the Corporation's checking account.

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

**G. Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**2. Change in Accounting Principle**

For fiscal year 2011, the Corporation implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Corporation's financial statements; however, there was no effect on beginning net position/fund balance.

**3. Cash and Cash Equivalents**

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

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$14,552</u>	<u>\$14,725</u>

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



# Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the LaGrange Community Improvement Corporation, Lorain County, Ohio (the Corporation) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2013, wherein we noted the Corporation implemented Governmental Accounting Standards Board Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" for the year ended December 31, 2011.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

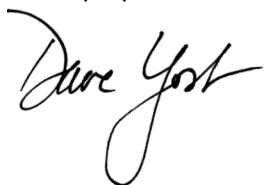
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 10, 2013





# Dave Yost • Auditor of State

**LAGRANGE COMMUNITY IMPROVEMENT CORPORATION**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 21, 2013**