



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LAGRANGE
LORAIN COUNTY**

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TITLE

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

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**VILLAGE OF LAGRANGE
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Village of LaGrange
Lorain County
301 Liberty Street
LaGrange, Ohio 44050

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of LaGrange, Lorain County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Other Matter

For the year ended December 31, 2023 the Village changed its accounting basis to present financial statements following the accounting basis permitted by the financial reporting provisions of Ohio Revised Code (ORC) Section 117.38 and Ohio Administrative Code (OAC) Section 117-2-03 (C). We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2024

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Village of LaGrange

Lorain County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$396,367	\$0	\$0	\$396,367
Municipal Income Tax	1,006,812	462,225		1,469,037
Intergovernmental	86,527	219,578		306,105
Charges for Services	388,749	0		388,749
Fines, Licenses and Permits	125,906	0		125,906
Earnings on Investments	148,123	17,930		166,053
Miscellaneous	59,133	47		59,180
<i>Total Cash Receipts</i>	<u>2,211,617</u>	<u>699,780</u>	<u>0</u>	<u>2,911,397</u>
Cash Disbursements				
Current:				
Security of Persons and Property	433,474	530,367		963,841
Public Health Services	11,112			11,112
Leisure Time Activities	76,702			76,702
Community Environment	86,366			86,366
Basic Utility Services	212,024			212,024
Transportation		335,061		335,061
General Government	975,786			975,786
Debt Service:				
Principal Retirement			18,695	18,695
<i>Total Cash Disbursements</i>	<u>1,795,464</u>	<u>865,428</u>	<u>18,695</u>	<u>2,679,587</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>416,153</u>	<u>(165,648)</u>	<u>(18,695)</u>	<u>231,810</u>
Other Financing Receipts (Disbursements)				
Transfers In			13,000	13,000
Transfers Out	(13,000)			(13,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,000)</u>	<u>0</u>	<u>13,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	403,153	(165,648)	(5,695)	231,810
<i>Fund Cash Balances, January 1</i>	<u>1,546,340</u>	<u>988,617</u>	<u>6,757</u>	<u>2,541,714</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,949,493</u>	<u>\$822,969</u>	<u>\$1,062</u>	<u>\$2,773,524</u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,989,006
 Operating Cash Disbursements	
Personal Services	180,673
Employee Fringe Benefits	79,372
Contractual Services	1,127,311
Supplies and Materials	205,322
Other	3,210
	1,595,888
 <i>Total Operating Cash Disbursements</i>	
 <i>Operating Income</i>	393,118
 Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	21,806
Capital Outlay	(110,786)
Principal Retirement	(90,263)
Interest and Other Fiscal Charges	(85,986)
	(265,229)
 <i>Total Non-Operating Receipts (Disbursements)</i>	
 <i>Net Change in Fund Cash Balances</i>	127,889
 <i>Fund Cash Balance, January 1</i>	2,484,229
 <i>Fund Cash Balance, December 31</i>	\$2,612,118

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
Additions	
Amounts Received as Fiscal Agent	<u>\$711</u>
Deductions	
Distributions of Deposits	<u>4,503</u>
<i>Net Change in Fund Balances</i>	(3,792)
<i>Fund Cash Balances, January 1</i>	<u>45,319</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$41,527</u></u>

See accompanying notes to the basic financial statements

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Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of LaGrange (the Village), Lorain County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a 6-member council elected at large for 4-year terms. The mayor is elected to a 4-year term and votes only to break ties.

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

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village provides the following services to its citizens: general government services, water and sewer utilities, and maintenance of Village roads, park operations, and police services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by 2 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. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

LaGrange Village and LaGrange Township are participants in the operation of the Lagrange Community Park and Business Park. Further information regarding this joint venture can be found in Note 11.

The Village of LaGrange and LaGrange Township formed the LaGrange Community Improvement Corporation (LCIC) in March 2005 to act as an agent for the Village and Township to develop and implement a plan for the subdivision, sale, and lease of real estate jointly owned by the Village and the Township. Further information regarding this jointly governed organization can be found in Note 12.

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

Note 2 – Summary of Significant Accounting Policies

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types, which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of the state of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Fund The police fund accounts for and reports police department expenses mainly associated with personnel (e.g. pay, benefits, withholdings, etc.).

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The following are the Village's main enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and to the Pheasant Run subdivision located within LaGrange Township.

Storm Sewer Fund The storm sewer fund accounts for provisions of storm sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds includes pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for positions held under a trust agreement for individuals, private organizations, and other governments which are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to hold resources for individuals, organizations, or other governments. The Village's custodial funds account for sidewalk performance bonds, commercial permits, unclaimed funds, and Mayor's Court activities.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code (ORC) Section 117.38 and Ohio Administrative Code (OAC) Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of ORC Section 117.38 and OAC Section 117-2-03 (C) permit.

Budgetary Process

The ORC requires all funds, except custodial funds, to be budgeted and appropriated annually. 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 Village Council may appropriate.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department, division, and within each, the amount appropriated for personal services level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 Village Council.

Encumbrances The ORC requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end may be carried over and not be reappropriated. 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 Village Council during the year.

A summary of 2023 budgetary activity appears in Note 3.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Accumulated Leave

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

Leases

The Village is the lessee in a vehicle lease, which is noncancelable. Lease disbursements are recognized when they are paid.

Settlement Monies

State – The state of Ohio has reached settlement agreements with various distributors of opioids, which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. However, no distributions were received in 2023.

National – The federal government reached settlement agreements with various distributors of opioids. It is known as the National Opioid Settlement. In March 2023, Village Council passed Resolution 2023-987, a resolution authorizing participation in settlements of national opioid distributor litigation. Disbursements are expected to be received through 2038. In 2023, \$1,867 was received by the Village in national opioid settlement funds.

Distributions received from OneOhio and the National Opioid Settlement are recorded in our Opioid Settlements fund. Use of the funds is restricted to approved purposes such as developing, promoting, and providing evidence-based substance use prevention strategies.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balance

Fund balance is divided into 5 classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for 5 years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balances also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned An unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$ 33,538	\$ 34,418	\$ 37,464	\$ 105,420

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,591,226	\$2,211,617	\$620,391
Special Revenue	521,800	699,780	177,980
Debt Service	58,800	13,000	(45,800)
Enterprise	1,726,500	2,010,812	284,312
Fiduciary / Custodial	24,000	711	(23,289)
Total	\$3,922,326	\$4,935,920	\$1,013,594

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,323,022	\$1,842,002	\$481,020
Special Revenue	1,243,802	899,846	343,956
Debt Service	58,800	18,695	40,105
Enterprise	2,683,227	1,920,387	762,840
Fiduciary / Custodial	24,000	4,503	19,497
Total	\$6,332,851	\$4,685,433	\$1,647,418

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The ORC prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	<u>2023</u>
<i>Deposits:</i>	
Demand deposits	\$1,245,058
Certificates of deposit	<u>270,177</u>
Total deposits	<u>1,515,235</u>
<i>Investments:</i>	
STAR Ohio	<u>3,911,934</u>
Total	<u><u>5,427,169</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property and tangible personal property located in the Village. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts.

2023 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually.

If paid annually, payment is due December 31; if paid semi-annually, the first payment is due in February, with the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

taxes.

The full tax rate for all Village operations for the year ended December 31, 2023, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$78,661,090
Public Utility Personal Property	<u>2,067,710</u>
Total	<u><u>\$80,728,800</u></u>

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

Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the general fund and another 0.5 percent levy that is limited to expenditures for law enforcement. The Village levies the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of 100 percent of taxes paid to another municipality. Employers within the Village are required to withhold income tax on employees' earnings and remit the tax to the Regional Income Tax Agency (R.I.T.A.) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Village contracted with the Public Entities Pool (PEP) for various types of insurance as follows:

- Comprehensive property and general liability;
- Law Enforcement liability;
- Public Official liability;
- Employee Dishonesty;
- Boiler and Machinery;
- Vehicles; and
- Errors and Omission.

Settled claims have not exceeded this commercial coverage in any of the past 3 years, and there was no significant reduction in coverage from the prior year.

The Village provides health insurance with dental, vision, and prescription coverage to full-time employees through Medical Mutual via the Lorain County Commissioners. Term life insurance obtained through VOYA via the Lorain County Commissioners is also provided to full-time employees.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Pension Fund (OP&FPF)

Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent;

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

The Village’s long-term debt activity for the year ended December 31, 2023, was as follows:

<u>Activities:</u>	<u>Balance at</u> <u>1/1/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/2023</u>	<u>Due in</u> <u>1 year</u>
OPWC Loans	\$285,230	\$0	\$18,695	\$266,535	\$23,902
OWDA – Elevated Tank	55,281	0	746	54,535	1,523
OWDA – 2020 Expansion	3,319,979	0	89,517	3,230,462	45,602

The Ohio Public Works Commission (OPWC) loans were for improvements of Village streets. The OPWC loans are collateralized by the Village’s taxing authority.

The Ohio Water Development Authority (OWDA) loans relate to plant expansions and engineering costs for wastewater improvements. The loans are secured by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

<u>Year Ending December 31:</u>	<u>OPWC Loans</u>		<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$23,902	\$45,602	\$40,542	
2025	23,902	92,929	79,360	
2026	23,902	95,276	77,013	
2027	23,902	97,683	74,607	
2028	23,902	100,105	72,140	
2029 - 2049	<u>147,025</u>	<u>2,853,402</u>	<u>777,316</u>	
Total	<u>\$266,535</u>	<u>\$3,284,997</u>	<u>\$1,120,978</u>	

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Finance Purchase

The Village has entered into a finance purchase agreement for equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$95,596 to pay these costs for the fiscal year ended December 31, 2023.

Amortization

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

<u>December 31:</u>	<u>Lease</u>
2024	\$95,596
2025	95,596
2026	95,596
2027	<u>95,596</u>
Total	<u>\$328,384</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

As previously stated in Note 1, the Village and LaGrange Township share the cost of operation and development of the LaGrange Business Park. The purchase of property (38.96 acres) by the Village and LaGrange Township is being developed as the LaGrange Business Park. Costs for development are being shared equally. The LaGrange Joint Park and Recreation Board was created on October 13, 1997, to oversee the operation of the LaGrange Community Park. The Board is comprised of 5 members who are residents of either the Village or the Township appointed by both the Village Council and the Township Trustees. The Park Board must receive approval from the legislative bodies of both the Village and the Township on any contracts, agreements, and other commitments for expenditure of property. The Village and the Township have an equal interest in the real and personal property of the Park and share equally in the cost and contributions toward the Park. The actions of the joint ventures have not been included in these financial statements.

Note 12 – Jointly Governed Organizations

As previously stated in Note 1, the Village of LaGrange and LaGrange Township formed LCIC in March 2005 to act as agent for the Village and Township to develop and implement a plan for the subdivision, sale, and lease of real estate jointly owned by the Village and the Township. LCIC was formed for the purposes of advancing, encouraging, and promoting the light industrial economic, commercial distribution, and research activities to provide opportunities for gainful employment and for civil development within the 38.96 acres of property owned by the Village and the Township. LCIC is comprised of 2 Village members and 2 Township members.

Village of LaGrange, Ohio
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Village of LaGrange
Lorain County
301 Liberty Street
LaGrange, Ohio 44050

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of LaGrange, Lorain County, Ohio (the Village) and have issued our report thereon dated December 2, 2024, wherein we noted the Village changed its accounting basis and also followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

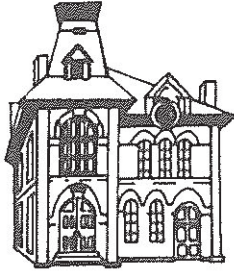
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2024



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Village of LaGrange

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2023



Finding Number	Finding Summary	Status	Additional Information
2022-001	<p>Material Weakness / Noncompliance Finding – OPWC On-Behalf-Loans - Ohio Rev. Code § 5705.42: The Village executed a loan agreement with the OPWC. OPWC made a payment in 2022 on-behalf-of the Village directly to the vendor working on this project. The Village did not record the 2022 on-behalf-of payment in their accounting system or year-end financial statements which resulted in an understatement of capital outlay disbursements of \$125,000 in Other Governmental Funds, with a corresponding understatement of loan proceeds receipts.</p>	Corrected	Finding No Longer Valid



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**VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Village of LaGrange
Lorain County
301 Liberty Street
LaGrange, Ohio 44050

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaGrange, Lorain County, Ohio (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2024

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Village of LaGrange, Lorain County
Statement of Net Position - Cash Basis
 December 31, 2022

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,541,714	\$2,484,229	\$5,025,943
<i>Total Assets</i>	<u>\$2,541,714</u>	<u>\$2,484,229</u>	<u>\$5,025,943</u>
Net Position			
Restricted for:			
Debt Service	6,757		6,757
Other Purposes	988,617		988,617
Unrestricted	1,546,340	2,484,229	4,030,569
<i>Total Net Position</i>	<u>\$2,541,714</u>	<u>\$2,484,229</u>	<u>\$5,025,943</u>

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$769,183				(\$769,183)		(\$769,183)
Public Health Services	9,782		\$469	\$155,876	146,563		146,563
Leisure Time Activities	80,063				(80,063)		(80,063)
Community Environment	47,768	\$52,662		5,087	9,981		9,981
Basic Utility Services	205,278	203,600			(1,678)		(1,678)
Transportation	225,066		214,809		(10,257)		(10,257)
General Government	1,140,359	23,176			(1,117,183)		(1,117,183)
Capital Outlay	108,965				(108,965)		(108,965)
Debt Service:					0		0
Principal Retirement	6,743				(6,743)		(6,743)
Total Governmental Activities	2,593,207	279,438	215,278	160,963	(1,937,528)	0	(1,937,528)
Business-Type Activities							
Water	683,197	517,644				(165,553)	(165,553)
Sewer	885,964	884,698				(1,266)	(1,266)
Storm Sewer Utility	93,442	98,506				5,064	5,064
Enterprise Deposit Fund	3,659	4,751				1,092	1,092
Total Business-Type Activities	1,666,262	1,505,599	0	0	0	(160,663)	(160,663)
Total Primary Government	\$4,259,469	\$1,785,037	\$215,278	\$160,963	(1,937,528)	(160,663)	(2,098,191)
General Receipts:							
Property Taxes					382,070		382,070
Income Taxes					1,312,593		1,312,593
Grants and Entitlements not Restricted					55,541		55,541
Cable Franchise Fees					5,685		5,685
Earnings on Investments					43,652		43,652
Miscellaneous					337,616	3,941	341,557
Receipts					2,137,157	3,941	2,141,098
Change in Net Position					199,629	(156,722)	42,907
Net Position Beginning of Year					2,342,085	2,640,951	4,983,036
Net Position End of Year					\$2,541,714	\$2,484,229	\$5,025,943

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,546,340</u>	<u>\$995,374</u>	<u>\$2,541,714</u>
<i>Total Assets</i>	<u><u>\$1,546,340</u></u>	<u><u>\$995,374</u></u>	<u><u>\$2,541,714</u></u>
Fund Cash Balances, December 31			
Restricted		988,251	988,251
Committed		7,123	7,123
Assigned	408,774		408,774
Unassigned	<u>1,137,566</u>		<u>1,137,566</u>
Fund Cash Balances, December 31	<u><u>\$1,546,340</u></u>	<u><u>\$995,374</u></u>	<u><u>\$2,541,714</u></u>

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal Income Taxes	\$873,800	\$438,793	\$1,312,593
Property Taxes	358,126		358,126
Intergovernmental	84,572	371,154	455,726
Charges for Services	215,357		215,357
Fines, Licenses and Permits	69,110	656	69,766
Earnings on Investments	38,937	4,715	43,652
Miscellaneous	335,640	1,976	337,616
<i>Total Receipts</i>	<u>1,975,542</u>	<u>817,294</u>	<u>2,792,836</u>
Disbursements			
Current:			
Security of Persons and Property	322,235	446,948	769,183
Public Health Services	9,782		9,782
Leisure Time Activities	80,063		80,063
Community Environment	47,768		47,768
Basic Utility Services	205,278		205,278
Transportation		225,066	225,066
General Government	1,140,259	100	1,140,359
Capital Outlay	8,000	225,965	233,965
Debt Service:			
Principal Retirement		6,743	6,743
<i>Total Disbursements</i>	<u>1,813,385</u>	<u>904,822</u>	<u>2,718,207</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>162,157</u>	<u>(87,528)</u>	<u>74,629</u>
Other Financing Sources (Uses)			
Loans Issued		125,000	125,000
Transfers In		13,500	13,500
Transfers Out	(13,500)		(13,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(13,500)</u>	<u>138,500</u>	<u>125,000</u>
<i>Net Change in Fund Balances</i>	148,657	50,972	199,629
<i>Fund Balances Beginning of Year</i>	<u>1,397,683</u>	<u>944,402</u>	<u>2,342,085</u>
<i>Fund Balances End of Year</i>	<u>\$1,546,340</u>	<u>\$995,374</u>	<u>\$2,541,714</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Municipal Income Taxes	\$720,001	\$873,800	\$873,800	\$0
Property Taxes	377,607	358,126	358,126	0
Intergovernmental	40,982	80,536	84,572	4,036
Charges for Services	283,000	215,357	215,357	0
Fines, Licenses and Permits	80,700	69,110	69,110	0
Earnings on Investments	25,000	38,937	38,937	0
Miscellaneous	30,000	12,248	335,640	323,392
<i>Total Receipts</i>	<u>1,557,290</u>	<u>1,648,114</u>	<u>1,975,542</u>	<u>327,428</u>
Disbursements				
Current:				
Security of Persons and Property	273,565	495,295	325,103	170,192
Public Health Services	9,000	12,563	9,782	2,781
Leisure Time Activities	87,615	109,398	80,200	29,198
Community Environment	63,748	80,176	47,783	32,393
Basic Utility Services	200,000	258,163	205,278	52,885
General Government	866,671	2,016,909	1,460,261	556,648
Capital Outlay	0	10,050	8,000	2,050
<i>Total Disbursements</i>	<u>1,500,599</u>	<u>2,982,554</u>	<u>2,136,407</u>	<u>846,147</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,691</u>	<u>(1,334,440)</u>	<u>(160,865)</u>	<u>1,173,575</u>
Other Financing Sources (Uses)				
Transfers Out		(16,960)	(13,500)	3,460
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(16,960)</u>	<u>(13,500)</u>	<u>3,460</u>
<i>Net Change in Fund Balance</i>	56,691	(1,351,400)	(174,365)	1,177,035
<i>Unencumbered Fund Balance Beginning of Year</i>	1,247,656	1,247,656	1,247,656	0
Prior Year Encumbrances Appropriated	85,423	85,423	85,423	0
<i>Unencumbered Balance End of Year</i>	<u>\$1,389,770</u>	<u>(\$18,321)</u>	<u>\$1,158,714</u>	<u>\$1,177,035</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2022

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$59,712	\$2,112,298	\$289,004	\$23,215	\$2,484,229
<i>Total Assets</i>	<u>\$59,712</u>	<u>\$2,112,298</u>	<u>\$289,004</u>	<u>\$23,215</u>	<u>\$2,484,229</u>
Net Position					
Unrestricted	\$59,712	\$2,112,298	\$289,004	\$23,215	2,484,229
<i>Total Net Position</i>	<u>\$59,712</u>	<u>\$2,112,298</u>	<u>\$289,004</u>	<u>\$23,215</u>	<u>\$2,484,229</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$517,644	\$884,698	\$98,506	\$4,751	\$1,505,599
<i>Total Operating Receipts</i>	<u>517,644</u>	<u>884,698</u>	<u>98,506</u>	<u>4,751</u>	<u>1,505,599</u>
Operating Disbursements					
Personal Services	45,591	121,931			167,522
Employee Fringe Benefits	4,344	31,747			36,091
Contractual Services	608,557	303,864	87,617		1,000,038
Supplies and Materials	19,705	87,013	5,825		112,543
Other				3,659	3,659
<i>Total Operating Disbursements</i>	<u>678,197</u>	<u>544,555</u>	<u>93,442</u>	<u>3,659</u>	<u>1,319,853</u>
<i>Operating Income (Loss)</i>	<u>(160,553)</u>	<u>340,143</u>	<u>5,064</u>	<u>1,092</u>	<u>185,746</u>
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts		3,941			3,941
Capital Outlay	(5,000)	(1,250)			(6,250)
Principal Retirement		(192,287)			(192,287)
Interest and Other Fiscal Charges		(147,872)			(147,872)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>(337,468)</u>	<u>-</u>	<u>-</u>	<u>(342,468)</u>
<i>Change in Net Position</i>	<u>(165,553)</u>	<u>2,675</u>	<u>5,064</u>	<u>1,092</u>	<u>(156,722)</u>
<i>Net Position Beginning of Year</i>	<u>225,265</u>	<u>2,109,623</u>	<u>283,940</u>	<u>22,123</u>	<u>2,640,951</u>
<i>Net Position End of Year</i>	<u>\$59,712</u>	<u>\$2,112,298</u>	<u>\$289,004</u>	<u>\$23,215</u>	<u>\$2,484,229</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2022

	<u>Other Custodial</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$45,319</u>
<i>Total Assets</i>	<u><u>45,319</u></u>
Net Position	
Expendable	<u>45,319</u>
<i>Total Net Position</i>	<u><u>\$45,319</u></u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Ohio, Lorain County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial
	Other Custodial
Additions	
Performance Deposits Received	\$5,680
Amounts Received as Fiscal Agent	1,457
<i>Total Additions</i>	7,137
Deductions	
Distributions as Fiscal Agent	7,379
<i>Total Deductions</i>	7,379
<i>Change in Net Position</i>	(242)
<i>Net Position Beginning of Year</i>	45,561
<i>Net Position End of Year</i>	\$45,319

See accompanying notes to the basic financial statements.

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Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of LaGrange (the Village), Lorain County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a 6-member council elected at large for 4-year terms. The Mayor is elected to a 4-year term and votes only to break a tie.

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

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of LaGrange provides the following services to its citizens: general government services, water and sewer utilities, and maintenance of Village roads, park operations, and police services.

Joint Ventures and Jointly Owned Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by 2 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. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

LaGrange Village and LaGrange Township are joint ventures in the operation of the LaGrange Community Park and Business Park. Further information regarding this joint venture can be found in Note 13.

The Village of LaGrange and LaGrange Township formed a LaGrange Community Improvement Corporation in March 2005 to act as agent for the Village and Township to develop and implement a plan for the subdivision, sale and lease of real estate jointly owned by the Village and the Township. Further information regarding this jointly governed organization can be found in Note 14.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered 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 position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants 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 program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses funds 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. The funds of the Village are presented in 3 categories: governmental, proprietary, and fiduciary.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds is the general fund. The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Storm Sewer Fund The storm sewer fund accounts for provisions of storm sewer services to the residents and commercial users within the Village.

Fiduciary Funds

Fiduciary fund includes pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for positions held under a trust agreement for individuals, private organizations, and other governments which are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to hold resources for individuals, organizations or other governments. The Village's custodial funds account for sidewalk performance bonds, commercial permits, unclaimed funds, and Mayor's Court activities.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village 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 expenses and liabilities) are not recorded in these financial statements.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

D. Budgetary Process

All funds, except custodial 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 Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, division, and within each, the amount appropriated for personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

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 Village Council during the year.

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of 3 months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than 3 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 (contra revenue), respectively.

During 2022, the Village invested in nonnegotiable certificates of deposit, STAR Plus Ohio, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio, which is the price the investment could be sold for on December 31, 2022.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 was \$43,652.

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. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventory 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. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village 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 health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the construction and maintenance of Village streets and the support of the police departments.

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

M. Fund Balance

Fund balance is divided into 5 classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Assigned fund balance classifications are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balances represent the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Village Council.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting in overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

N. Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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 – Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:			
Streets & Highway		\$356,303	\$356,303
Recreation		3,667	3,667
Police		170,298	170,298
Public Safety		172,217	172,217
Federal Grants		<u>285,766</u>	<u>285,766</u>
Total Restricted		988,251	988,251
Committed for:			
Other		7,123	7,123
Assigned for:			
Encumbrances	\$323,022		323,022
Next Year appropriations	<u>85,752</u>		<u>85,752</u>
Total Assigned	408,774		408,774
Unassigned	<u>1,137,566</u>		1,137,566
Total Fund Balance	<u>\$1,546,340</u>	<u>\$995,374</u>	<u>\$2,541,714</u>

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 fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$323,022 for the general fund.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Net Change in Fund Balance

	<u>General</u>
Cash Basis	\$148,657
Encumbrances	<u>(323,022)</u>
Budget Balance	<u><u>(\$174,365)</u></u>

Note 5 – Deposits and Investments

State statutes classify monies held by the Village into 3 categories.

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

Inactive deposits are public deposits that Council has identified as not required for use within the current 5-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than 1 year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio) and (STAR Ohio Plus now known as Government Insured Deposit Program or GIDP);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) 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 30 days.

An investment must mature within 5 years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2022, the carrying amount (i.e., uninsured balance) of the Village's Deposits was \$1,298,771 of the Village's bank balance of \$1,495,540. The bank balance was either covered by federal depository insurance or collateralized by a pool of securities maintained by the Village's financial institutions but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of state statute. Ohio law requires that deposits be either insured or be protected by: eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Investments

As of December 31, 2022, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$1,354,599	
STAR Ohio Plus	2,153,168	
Farmers CD	264,724	08/19/22
	\$3,772,491	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village does not have an investment policy beyond the requirement of state statute. Ohio law addresses interest rate risk by requiring that the village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least 1 nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least 1 nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 6 – Taxes

Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the general fund and another 0.5 percent levy that is in the general fund but is limited to expenditures for law enforcement and street repair. The Village levies the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of 100 percent of taxes paid to another city. Employers within the Village are required to withhold income tax on employee’s earnings and remit the tax to the Regional Income Tax Agency (R.I.T.A.) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Property Taxes

Property taxes include amounts levied against all real and public utility property and tangible personal property located in the Village. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually.

If paid annually, payment is due December 31; if paid semi-annually, the first payment is due in February, with the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2022, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$77,249,880
Public Utility Personal Property	<u>2,048,970</u>
Total	<u><u>\$79,298,850</u></u>

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

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the Village contracted with Custis Insurance for various types of insurance as follows:

- Comprehensive property and general liability;
- Law Enforcement liability;
- Public Official liability;
- Employee Dishonesty;
- Boiler and Machinery;
- Vehicles; and
- Errors and Omission.

Settled claims have not exceeded this commercial coverage in any of the past 3 years and there was no significant reduction in coverage from the prior year.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The Village provides health insurance with dental, vision and prescription coverage to full time employees through Medical Mutual. Term life insurance is obtained through Medical Mutual is also provided to full-time employees.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers 3 separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into 3 groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the 3-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the 3 highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the 5 highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution for pension obligations to the traditional and combined plans for year ending December 31, 2022, was \$155,497; the full amount has been contributed for 2022.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers 4 types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next 5 years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F ACFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least 1 year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member’s base pension benefit where the percentage is the lesser of 3 percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the 30th day of September of the immediately preceding year, rounded to the nearest 1/10th of 1 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2022 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2022 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution to OP&F for year ending December 31, 2022, was \$121,592; the full amount has been contributed for 2022.

Social Security

Village’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers 3 separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contributions to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefit is adequately funded.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2022, was as follows:

<u>Activities:</u>	<u>Balance at</u> <u>1/1/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>12/31/2022</u>	<u>Due in</u> <u>1 year</u>
OPWC Loans	\$166,973	\$125,000	\$6,743	\$285,230	\$18,694
OWDA – 2006 Expansion	64,779		64,779	0	0
OWDA – Elevated Tank	55,633		352	55,281	457
OWDA – 2020 Expansion	3,450,135		130,156	3,319,979	44,479

The Ohio Public Works Commission (OPWC) loans were for improvements of Village streets. The OPWC loans are collateralized by the Village's taxing authority.

The Ohio Water Development Authority (OWDA) loans relate to sewer water plant expansions and engineering costs for wastewater improvements. The loans are secured by water and sewer receipts. The village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ending December 31:	<u>OPWC Loans</u>		<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$18,694	\$44,479	\$41,665	
2024	23,902	90,640	81,650	
2025	23,902	92,929	79,360	
2026	23,902	95,276	77,013	
2027	23,902	97,683	74,607	
2028 - 2050	<u>170,928</u>	<u>2,954,253</u>	<u>861,199</u>	
Total	<u>\$285,230</u>	<u>\$3,375,260</u>	<u>\$1,215,494</u>	

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 11 – Interfund Transfers

During 2022, the following transfers were made:

	<u>Transfer from</u>
<u>Transfer to</u>	<u>Major Funds</u>
Other Nonmajor	General
Governmental Funds	\$13,500

The above-mentioned Transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12 – Contingent Liabilities

The Village is not aware of any pending lawsuits. Although management cannot presently determine the outcome of any suits, they believe the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Joint Ventures

As previously stated in Note 1, the Village and LaGrange Township share the cost of operation and development of the LaGrange Business Park. The purchase of property (38 acres) by the Village and LaGrange Township is being developed as the LaGrange Business Park. Costs for development are being shared equally. The LaGrange Joint Park and Recreation Board was created on October 13, 1997, to oversee the operation of the LaGrange Community Park. The Board is comprised of 5 members who are residents of either the Village or the Township. Two members are appointed by both the Village Council and the Township Trustees; the fifth member, designated as chairperson for 1 year, is appointed on an annual alternating basis by the Village Council and the Township Trustees. The Board must receive approval from the legislative bodies of both the Village and the Township on any contracts, agreements, and other commitments for expenditure of property. The Village and the Township have an equal interest in the real and personal property of the Park and share equally in the cost and contributions toward the Park.

The actions of the joint ventures have not been included in these financial statements.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 14 – Jointly Governed Organizations

As previously stated in Note 1, the Village of LaGrange and LaGrange Township formed the Lagrange Community Improvement Corporation in March 2005 to act as agent for the Village and Township to develop and implement a plan for the subdivision, sale and lease of real estate jointly owned by the Village and the Township. The LaGrange Community Improvement Corporation was formed for the purposes of advancing, encouraging and promoting the light industrial economic, commercial distribution and research activities to provide opportunities for gainful employment and for civil development within the 38.96 acres of property owned by the Village and the Township.

The LaGrange Community Improvement Corporation is comprised of 2 Village members and 2 Township members.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Village of LaGrange
Lorain County
301 Liberty Street
LaGrange, Ohio 44050

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaGrange, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 2, 2024, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2022-001.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2024

**VILLAGE OF LAGRANGE
LORAIN COUNTY**

SCHEDULE OF FINDINGS

FINDING NUMBER 2022-001

Material Weakness / Noncompliance Finding – OPWC On-Behalf Loans

Ohio Rev. Code § 5705.42 requires in part, when the state or any department, division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. Additionally, **Auditor of State Bulletin 2002-004** establishes the requirements for an entity receiving funding from the Ohio Public Works Commission (OPWC) Infrastructure Project. Entities are required to establish a capital projects fund to account for the funding. The entity should record payments made on its behalf to vendors by OPWC as revenues and expenditures on its financial statements. Additionally, the entity shall include in its capital project fund appropriations the amount necessary, including local matching contributions and on-behalf-of payments, to meet the obligations to be incurred during the fiscal year and shall include in its official or amended certificates of estimated resources the grant funding and local matching contributions anticipated to be recorded in the capital projects fund during the fiscal year.

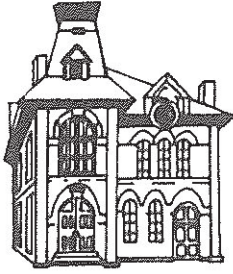
In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2022, the Village executed a loan agreement with the OPWC. OPWC made a payment in 2022 on-behalf-of the Village directly to the vendor working on this project. Due to a lack of internal controls, the Village did not record the 2022 on-behalf-of payment in their accounting system or year-end financial statements which resulted in an understatement of capital outlay disbursements of \$125,000 in Other Governmental Funds, with a corresponding understatement of loan proceeds receipts. The Village's financial statements were adjusted to correct this error.

Failure to record payments timely can result in inaccurate financial statements.

The Village should ensure procedures are implemented to record all on-behalf-of grant/loan expenditures and corresponding receipts on the financial statements. The Village should also update appropriations in their accounting system and obtain amended certificates of estimated resources for OPWC projects.

Officials' Response: We understand that the accounting for OPWC on-behalf loans is complex. We strive to properly record all accounting entries & will continue doing so.



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Village of LaGrange

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022

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Finding Number	Finding Summary	Status	Additional Information
2021-001	Misstatements and adjustments to the financial statements were not made by management	Partially Corrected	Similar comment included in the management letter.



OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LAGRANGE

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov