



**LAGRANGE TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAGRANGE TOWNSHIP
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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

LaGrange Township
Lorain County
P.O. Box 565
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the accompanying financial statements of LaGrange Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of LaGrange Township, Lorain County, Ohio, as of December 31, 1999 and December 31, 1998 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Ohio Rev. Code 117.26, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

April 19, 2000

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**LAGRANGE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$118,144	\$293,803	\$0	\$0	\$411,947
Intergovernmental	91,677	134,575	0	28,198	254,450
Fines, Forfeitures, Licenses, & Permits	15,000	9,200	0	0	24,200
Interest	11,668	1,601	0	0	13,269
Other Revenue	650	9,025	0	0	9,675
Total Cash Receipts	<u>237,139</u>	<u>448,204</u>	<u>0</u>	<u>28,198</u>	<u>713,541</u>
Cash Disbursements:					
Current:					
General Government	157,727	0	0	0	157,727
Public Safety	0	90,799	0	0	90,799
Public Works	10,224	184,028	0	0	194,252
Health	0	24,729	0	0	24,729
Debt Service:					
Redemption of Principal	0	0	31,874	0	31,874
Interest and Fiscal Charges	0	0	11,277	0	11,277
Capital Outlay	52,533	20,922	0	28,198	101,653
Total Cash Disbursements	<u>220,484</u>	<u>320,478</u>	<u>43,151</u>	<u>28,198</u>	<u>612,311</u>
Total Receipts Over/(Under) Disbursements	<u>16,655</u>	<u>127,726</u>	<u>(43,151)</u>	<u>0</u>	<u>101,230</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	43,151	0	43,151
Transfers-Out	(10,804)	(32,363)	0	0	(43,167)
Other Financing Sources	89	0	0	0	89
Total Other Financing Receipts/(Disbursements)	<u>(10,715)</u>	<u>(32,363)</u>	<u>43,151</u>	<u>0</u>	<u>73</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>5,940</u>	<u>95,363</u>	<u>0</u>	<u>0</u>	<u>101,303</u>
Fund Cash Balances, January 1, 1999	<u>297,763</u>	<u>199,803</u>	<u>919</u>	<u>0</u>	<u>498,485</u>
Fund Cash Balances, December 31, 1999	<u>\$303,703</u>	<u>\$295,166</u>	<u>\$919</u>	<u>\$0</u>	<u>\$599,788</u>
Reserve for Encumbrances, December 31, 1999	<u>\$19,995</u>	<u>\$50,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$70,095</u>

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

**LAGRANGE TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Expendable Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$0	\$0	\$0
Interest	<u>1</u>	<u>0</u>	<u>1</u>
Total Operating Revenues	1		1
Operating Cash Disbursements:			
Health	<u>0</u>	<u>0</u>	<u>0</u>
	21	0	21
Total Operating Expenses	<u>21</u>	<u>0</u>	<u>21</u>
Operating Income/(Loss)	(20)	0	(20)
Non-Operating Cash Receipts:			
Non-Operating Cash Receipts	<u>0</u>	<u>1,476</u>	<u>1,476</u>
Non-Operating Cash Disbursements:			
Non-Operating Cash Disbursements	<u>0</u>	<u>520</u>	<u>520</u>
Income Before Interfund Transfers	(20)	956	936
Transfers-In	0	16	16
Transfers-Out	<u>0</u>	<u>0</u>	<u>0</u>
Net Income	(20)	972	952
Fund Cash Balances, January 1, 1999	<u>\$77</u>	<u>\$0</u>	<u>\$77</u>
Fund Cash Balances, December 31, 1999	<u><u>\$57</u></u>	<u><u>\$972</u></u>	<u><u>\$1,029</u></u>

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

**LAGRANGE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$111,887	\$284,734	\$0	\$0	\$396,621
Intergovernmental	188,796	115,367	0	29,198	333,361
Fines, Forfeitures, Licenses, & Permits	12,664	6,915	0	0	19,579
Interest	9,151	1,719	0	0	10,870
Other Revenue	49	9,406	0	0	9,455
Total Cash Receipts	<u>322,547</u>	<u>418,141</u>	<u>0</u>	<u>29,198</u>	<u>769,886</u>
Cash Disbursements:					
Current:					
General Government	138,769	40,890	0	0	179,659
Public Safety	0	80,081	0	0	80,081
Public Works	9,195	133,740	0	0	142,935
Health	0	30,972	0	0	30,972
Debt Service:					
Redemption of Principal	0	0	29,356	0	29,356
Interest and Fiscal Charges	0	0	14,037	0	14,037
Capital Outlay	13,312	143,161	0	29,198	185,671
Total Cash Disbursements	<u>161,276</u>	<u>428,844</u>	<u>43,393</u>	<u>29,198</u>	<u>662,711</u>
Total Receipts Over/(Under) Disbursements	<u>161,271</u>	<u>(10,703)</u>	<u>(43,393)</u>	<u>0</u>	<u>107,175</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	22,000	30,497	0	52,497
Transfers-Out	(36,288)	(16,209)	0	0	(52,497)
Advances In	3,500	4,660	0	0	8,160
Advances Out	(4,660)	(3,500)	0	0	(8,160)
Other Financing Sources	4,869	0	0	0	4,869
Total Other Financing Receipts/(Disbursement)	<u>(32,579)</u>	<u>6,951</u>	<u>30,497</u>	<u>0</u>	<u>4,869</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>128,692</u>	<u>(3,752)</u>	<u>(12,896)</u>	<u>0</u>	<u>112,044</u>
Fund Cash Balances, January 1, 1998	<u>169,071</u>	<u>203,555</u>	<u>13,815</u>	<u>0</u>	<u>386,441</u>
Fund Cash Balances, December 31, 1998	<u>\$297,763</u>	<u>\$199,803</u>	<u>\$919</u>	<u>\$0</u>	<u>\$498,485</u>
Reserve for Encumbrances, December 31, 1998	<u>\$24,103</u>	<u>\$540</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,643</u>

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

LAGRANGE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998

	Expendable Trust
Operating Cash Receipts:	
Interest	\$1
Total Operating Revenues	1
Operating Cash Disbursements:	
Health	17
Total Operating Expenses	17
Operating Income/(Loss)	(16)
Fund Cash Balances, January 1, 1998 (Restated Note 2)	\$93
Fund Cash Balances, December 31, 1998	\$77

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

**LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

LaGrange Township, Lorain County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, park operations (recreation), fire protection and emergency medical services. The Township contracts with the Lorain County Sheriff to provide police protection.

LaGrange Township and the Village of LaGrange formed a joint park recreation board pursuant to Ohio Rev. Code Section 755.14(B). The Recreation Board is governed by five members who are residents of either the Village or the Township. A chairperson is appointed for a term of one year on an alternating basis by the Township and the Village. The other Recreation Board members are appointed by the Township and the Village proportionately. The Recreation Board exercises all powers to equip, operate and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and recreation centers. The participants retain an ongoing financial interest and responsibility. The Township appointed a voting majority of the members in fiscal year 1999 and may dissolve the Recreation Board at any time, upon one year written notice to the Village. While the Township serves as fiscal agent for the joint park recreation board no financial information is presented since no activity occurred during the period.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Demand deposits, certificate of deposits and money market savings account are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. Governmental Fund Types

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire/EMS Levy Fund - This fund receives property tax and state money to maintain the Township's voluntary fire efforts and to facilitate the efficiency of the Township's ambulance services.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Debt Service fund was established to account for the repayment of notes for the construction of the Township's Fire Station and the purchase of a Fire Truck.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund.

Issue II Fund - This fund receives grants from the Ohio Public Works Commission for road projects.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Walter Dale Expendable Trust Fund - This fund is used to maintain and decorate the grave site of Walter Dale.

Commercial Building Permit Fund - This fund is established to enforce Ohio Board of Building Standards fees collected by the Township.

**LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. RESTATEMENT OF FUND BALANCE

On January 1, 1998, the Township reclassified the Walter Dale Trust Fund from Non-Expendable Trust Fund to an Expendable Trust Fund. This reclassification decreased the Non-Expendable Trust Fund Balance from \$93 to \$0 and increased the Expendable Trust Fund Balance from \$0 to \$93.

3. POOLED CASH AND INVESTMENTS

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$23,232	\$64,911
Certificate of Deposits	370,000	190,009
Money Market Savings Account	<u>207,585</u>	<u>243,642</u>
Total deposits	<u>\$600,817</u>	<u>\$498,562</u>

LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. POOLED CASH AND INVESTMENTS (Continued)

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

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,710	\$237,228	(\$3,482)
Special Revenue	438,991	448,204	9,213
Debt Service	20,000	43,151	23,151
Capital Projects	75,000	28,198	(46,802)
Expendable Trust	3	1	(2)
Total	\$774,704	\$756,782	(\$17,922)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$322,287	\$251,283	\$71,004
Special Revenue	535,047	402,941	132,106
Debt Service	20,000	43,151	(23,151)
Capital Projects	28,198	28,198	0
Expendable Trust	75	21	54
Total	\$905,607	\$725,594	\$180,013

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$267,257	\$330,916	\$63,659
Special Revenue	418,575	444,801	26,226
Debt Service	25,000	30,497	5,497
Capital Projects	121,540	29,198	(92,342)
Expendable Trust	2	1	(1)
Total	\$832,374	\$835,413	\$3,039

LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,250	\$226,327	\$22,923
Special Revenue	592,452	449,093	143,359
Debt Service	38,000	43,393	(5,393)
Capital Projects	29,198	29,198	0
Expendable Trust	50	17	33
Total	\$908,950	\$748,028	\$160,922

5. COMPLIANCE

As of December 31, 1999, the following significant accounts had expenditures plus encumbrances in excess of appropriations contrary to Ohio Rev. Code Section 5705.41:

<u>Fund/Function/Object</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government			
Machinery, Equipment, and Furniture	\$0	\$17,580	(\$17,580)
Land	0	32,052	(32,052)
Improvement of Sites	0	20,482	(20,482)
Special Revenue Fund:			
Road and Bridge:			
Public Works			
Salaries	35,000	46,368	(11,368)
Fire/EMS Levy Fund:			
Capital Outlay			
Machinery, Equipment, and Furniture	50,000	70,766	(20,766)
Debt Service Fund:			
Retirement of Principal	10,000	31,874	(21,874)
Interest and Fiscal Charges	10,000	11,277	(1,277)

**LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. COMPLIANCE (Continued)

As of December 31, 1998, the following significant accounts had expenditures plus encumbrances in excess of appropriations contrary to Ohio Rev. Code Section 5705.41:

<u>Fund/Function/Object</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government			
Improvement of Sites	\$0	\$11,312	(\$11,312)
Debt Service Fund:			
Retirement of Principal			
	25,600	29,356	(3,756)
Interest and Fiscal Charges			
	12,400	14,037	(1,637)

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to Lorain County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

7. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Note	\$75,146	5.5% - 11.5%
Fire Truck Note	75,990	6.25%
Total	<u>\$151,136</u>	

Outstanding notes are payable from the proceeds of property taxes levied against individual property owners.

**LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. DEBT (Continued)

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

Year Ending December 31:	Fire Station Note	Fire Truck Note
2000	\$25,471	\$21,297
2001	25,471	21,297
2002	25,471	21,297
2003	12,735	21,297
Total	\$89,148	\$85,188

8. RETIREMENT SYSTEM

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio, a cost-sharing, multiple-employer plan. PERS provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of regular participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

9. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the OTARMA:

- Comprehensive property and general liability
- Vehicles
- Errors and Emissions

The Township also provides health insurance and dental and vision coverage to full-time employees through the Lorain County health insurance plan.

**LAGRANGE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

10. CAPITAL LEASE

The Township has entered into a land lease agreement with the Village of LaGrange to establish and operate a park and recreation facility for the benefit and use of the residents of the Village of LaGrange and LaGrange Township. The annual installments are paid out of the General Fund. The lease inception date is June 1, 1999, and the maturity date is December 1, 2013.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 1999, were as follows:

<u>Year Ending Dec 31</u>	
2000	\$32,052
2001	32,052
2002	32,052
2003	32,052
2004	32,052
Thereafter	288,462
Total minimum lease payments	<u>\$448,722</u>
Less: amount representing interest	<u>(165,769)</u>
Present Value of minimum lease payments	<u><u>\$282,953</u></u>



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

LaGrange Township
Lorain County
P.O. Box 565
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the financial statements of LaGrange Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 19, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 1999-40847-001, 1999-40847-002 and 1999-40847-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated April 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated April 19, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 19, 2000

**LAGRANGE TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-40847-001
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Ohio Rev. Code Section 5705.41(D), states that no subdivision or taxing authority shall make an expenditure of money unless the funds have been properly appropriated. Also, no order or contract involving the expenditure of money shall be made unless there is attached thereto a certificate of the fiscal officer that the amount required to meet such commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances. The Clerk did not certify the availability of funds as required.

To improve controls over expenditures, we recommend the Township implement procedures to comply with the requirement described above.

Finding Number	1999-40847-002
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Ohio Rev. Code Sections 5705.14, requires transfers of funds to be approved by formal resolution of the Board of Trustees. In FY 1998, the Township transferred \$34,288 from the General Fund to the Fire/EMS and Debt Service Funds without the approval of the Board of Trustees.

We recommend the Board of Trustees approve all transfers to ensure compliance with this requirement.

Finding Number	1999-40847-003
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Ohio Rev. Code Section 5705.41 (B), states that no subdivision shall make any expenditure of money unless it has been appropriated. As of December 31, the following significant accounts had expenditures plus commitments in excess of total appropriations:

<u>Fund/Function/Object</u>	<u>1999</u>	<u>1998</u>
General Fund:		
General Government	\$17,580	
Machinery, Equipment, and Furniture		
Land	32,052	
Improvement of Sites	20,482	11,312
Special Revenue Funds:		
Road and Bridge Funds:		
Public Works		
Salaries	11,368	
Fire/EMS Levy:		
Capital Outlay		
Machinery, Equipment, and Furniture	20,766	
Debt Service Fund:		
Retirement of Principal	21,874	3,756
Interest and Fiscal Charges	1,277	1,637

**LAGRANGE TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)**

Finding Number (Continued)	1999-40847-003
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We recommend the Township compare appropriations to expenditures plus commitments for all funds which are legally required to be budgeted, at the legal level of control, to ensure compliance with the above requirements. This comparison should be performed on a monthly basis, at a minimum.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

LAGRANGE TOWNSHIP

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 18, 2000**