



**VILLAGE OF LAGRANGE
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF LAGRANGE
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of LaGrange
Lorain County
355 South Center Street
LaGrange, Ohio 44050-0597

To Members of Council:

We have audited the accompanying financial statements of the Village of LaGrange, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village'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 Village 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 of the Village of LaGrange, 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 June 12, 2000 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 grants.

This report is intended solely for the information and use of management, the Members of Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, 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".

Jim Petro
Auditor of State

June 12, 2000

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$538,059	\$199,015	\$3,118	\$0	\$740,192
Special Assessments	0	0	4,172	0	4,172
Intergovernmental Receipts	108,703	68,976	312	79,027	257,018
Charges for Services	76,978	0	0	0	76,978
Fines, Licenses, and Permits	25,046	268	0	0	25,314
Earnings on Investments	78,438	0	0	0	78,438
Miscellaneous	4,607	0	0	0	4,607
Total Cash Receipts	831,831	268,259	7,602	79,027	1,186,719
Cash Disbursements:					
Current:					
Security of Persons and Property	167,473	91,888	0	0	259,361
Public Health Services	4,415	0	0	0	4,415
Leisure Time Activities	236	0	0	0	236
Community Environment	80,661	0	0	0	80,661
Basic Utility Services	89,420	0	0	0	89,420
Transportation	1,227	38,040	0	0	39,267
General Government	230,398	0	0	0	230,398
Debt Service:					
Principal Payments	0	0	29,370	0	29,370
Interest Payments	0	0	33,022	0	33,022
Capital Outlay	63,804	251,584	0	79,027	394,415
Total Disbursements	637,634	381,512	62,392	79,027	1,160,565
Total Receipts Over/(Under) Disbursements	194,197	(113,253)	(54,790)	0	26,154
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	5,004	0	0	0	5,004
Transfers-In	0	28	54,516	0	54,544
Transfers-Out	(83,934)	0	0	0	(83,934)
Total Other Financing Receipts/(Disbursements)	(78,930)	28	54,516	0	(24,386)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	115,267	(113,225)	(274)	0	1,768
Fund Cash Balances January 1	590,416	310,751	27,151	0	928,318
Fund Cash Balances, December 31	\$705,683	\$197,526	\$26,877	\$0	\$930,086
Reserves for Encumbrances, December 31	\$4,338	\$34,324	\$0	\$0	\$38,662

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

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$608,762	\$0	\$608,762
Miscellaneous	0	11,072	11,072
Total Operating Cash Receipts	<u>608,762</u>	<u>11,072</u>	<u>619,834</u>
Operating Cash Disbursements:			
Personal Services	133,310	0	133,310
Contractual Services	262,016	0	262,016
Supplies and Materials	22,380	0	22,380
Capital Outlay	108,482	0	108,482
Total Operating Cash Disbursements	<u>526,188</u>	<u>0</u>	<u>526,188</u>
Operating Income/(Loss)	<u>82,574</u>	<u>11,072</u>	<u>93,646</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>21,597</u>	<u>12,890</u>	<u>34,487</u>
Total Non-Operating Cash Receipts	<u>21,597</u>	<u>12,890</u>	<u>34,487</u>
Non-Operating Cash Disbursements:			
Debt Service	91,165	0	91,165
Other Non-Operating Cash Disbursements	<u>9,200</u>	<u>30,795</u>	<u>39,995</u>
Total Non-Operating Cash Disbursements	<u>100,365</u>	<u>30,795</u>	<u>131,160</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	3,806	(6,833)	(3,027)
Transfers-In	<u>29,390</u>	<u>0</u>	<u>29,390</u>
Net Receipts Over/(Under) Disbursements	33,196	(6,833)	26,363
Fund Cash Balances, January 1	<u>747,022</u>	<u>20,714</u>	<u>767,736</u>
Fund Cash Balances, December 31	<u>\$780,218</u>	<u>\$13,881</u>	<u>\$794,099</u>
Reserve for Encumbrances, December 31	<u>\$76,492</u>	<u>\$0</u>	<u>\$76,492</u>

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

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$421,980	\$165,707	\$2,787	\$0	\$590,474
Special Assessments	0	0	4,181	0	4,181
Intergovernmental Receipts	80,446	61,788	290	58,783	201,307
Charges for Services	75,483	0	0	0	75,483
Fines, Licenses, and Permits	21,381	247	0	0	21,628
Earnings on Investments	55,951	0	0	0	55,951
Miscellaneous	19,443	273	0	0	19,716
	<u>674,684</u>	<u>228,015</u>	<u>7,258</u>	<u>58,783</u>	<u>968,740</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	170,573	83,546	0	0	254,119
Public Health Services	3,550	0	0	0	3,550
Leisure Time Activities	4,352	0	0	0	4,352
Community Environment	23,741	0	0	0	23,741
Basic Utility Services	81,147	0	0	0	81,147
Transportation	12,629	39,544	0	0	52,173
General Government	217,205	0	0	0	217,205
Debt Service:					
Principal Payments	0	0	17,467	0	17,467
Interest Payments	0	0	13,808	0	13,808
Financing and Other Debt-Service Related					0
Capital Outlay	14,093	51,034	0	58,783	123,910
	<u>527,290</u>	<u>174,124</u>	<u>31,275</u>	<u>58,783</u>	<u>791,472</u>
Total Receipts Over/(Under) Disbursements	147,394	53,891	(24,017)	0	177,268
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	100	0	0	0	100
Transfers-In	0	0	19,960	0	19,960
Transfers-Out	(38,181)	0	0	0	(38,181)
	<u>(38,081)</u>	<u>0</u>	<u>19,960</u>	<u>0</u>	<u>(18,121)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	109,313	53,891	(4,057)	0	159,147
Fund Cash Balances January 1	481,103	256,860	31,208	0	769,171
Fund Cash Balances, December 31	<u>\$590,416</u>	<u>\$310,751</u>	<u>\$27,151</u>	<u>\$0</u>	<u>\$928,318</u>
Reserves for Encumbrances, December 31	<u>\$8,605</u>	<u>\$25,266</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,871</u>

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

**VILLAGE OF LAGRANGE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$582,397	\$0	\$582,397
Miscellaneous	0	17,967	17,967
	<u>582,397</u>	<u>17,967</u>	<u>600,364</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	126,290	0	126,290
Travel Transportation	827	0	827
Contractual Services	178,096	313	178,409
Supplies and Materials	17,595	0	17,595
Capital Outlay	80,526	0	80,526
	<u>403,334</u>	<u>313</u>	<u>403,647</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>179,063</u>	<u>17,654</u>	<u>196,717</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	28,334	9,251	37,585
	<u>28,334</u>	<u>9,251</u>	<u>37,585</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Debt Service	91,390	0	91,390
Other Non-Operating Cash Disbursements	8,059	23,158	31,217
	<u>99,449</u>	<u>23,158</u>	<u>122,607</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	107,948	3,747	111,695
Transfers-In	18,221	0	18,221
	<u>126,169</u>	<u>3,747</u>	<u>129,916</u>
Net Receipts Over/(Under) Disbursements			
Fund Cash Balances, January 1	620,853	16,967	637,820
	<u>\$747,022</u>	<u>\$20,714</u>	<u>\$767,736</u>
Fund Cash Balances, December 31			
Reserve for Encumbrances, December 31	<u>\$33,863</u>	<u>\$0</u>	<u>\$33,863</u>

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

**VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of LaGrange, Lorain County, Ohio, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, recreation (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village 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

Certificates of deposit are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. 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.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Police and Street Income Tax Levy Fund - This fund supports police services and street repairs and maintenance, and receives revenue from the Village's income tax collections.

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund - This fund accumulates resources for the payment of the Village Square Improvement and Sewer Facility Improvement Bonds.

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 Village had the following significant Capital Project Funds:

Pleasant Street Reconstruction Improvement Fund - This fund received Ohio Public Works Commission grant moneys which were used to pay for major repairs of Pleasant Street in the Village.

Church Street Reconstruction Improvement Fund - This fund received Ohio Public Works Commission grant moneys which were used to pay for major repairs of Church Street in the Village.

Forest Street Reconstruction Improvement Fund - This fund received Ohio Public Works Commission loan moneys which were used to pay for major repairs of Forest Street in the Village.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing water.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer services.

6. Fiduciary Fund - Agency Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Funds:

Mayor's Court Fund - This fund receives fine money, court costs, and fees that are held pending distribution in accordance with statutory specifications or as directed by the court.

Performance Bond Fund - This fund receives money for performance bid bonds from contractors and holds it until contracts are completed and have passed inspection. The money is then returned to the contractors.

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fiduciary Fund - Agency Funds (Continued)

Commercial Permits Fund - This fund receives money for commercial inspection fees and distributes it to the State, pays inspectors, and retains a portion for administrative fees.

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 Council 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 Village to reserve (encumber) appropriations when 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 3.

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 cash basis of accounting used by the Village.

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 186,081	\$ 308,188
Certificates of deposit	<u>275,828</u>	<u>262,128</u>
Total deposits	<u>461,909</u>	<u>570,316</u>
 STAR Ohio	 <u>1,262,276</u>	 <u>1,125,738</u>
 Total deposits and investments	 <u><u>\$ 1,724,185</u></u>	 <u><u>\$ 1,696,054</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 790,448	\$ 836,835	\$ 46,387
Special Revenue	223,550	268,287	44,737
Debt Service	62,077	62,118	41
Capital Projects	79,027	79,027	0
Enterprise	<u>557,964</u>	<u>659,749</u>	<u>101,785</u>
Total	<u><u>\$ 1,713,066</u></u>	<u><u>\$ 1,906,016</u></u>	<u><u>\$ 192,950</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 915,228	\$ 725,906	\$ 189,322
Special Revenue	534,301	415,836	118,465
Debt Service	62,485	62,392	93
Capital Projects	79,027	79,027	0
Enterprise	<u>1,197,093</u>	<u>703,045</u>	<u>494,048</u>
Total	<u><u>\$ 2,788,134</u></u>	<u><u>\$ 1,986,206</u></u>	<u><u>\$ 801,928</u></u>

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 553,702	\$ 674,784	\$ 121,082
Special Revenue	203,600	228,015	24,415
Debt Service	29,881	27,218	(2,663)
Capital Projects	58,783	58,783	0
Enterprise	531,961	628,952	96,991
Total	\$ 1,377,927	\$ 1,617,752	\$ 239,825

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 878,315	\$ 574,075	\$ 304,240
Special Revenue	460,458	199,390	261,068
Debt Service	31,275	31,275	0
Capital Projects	58,783	58,783	0
Enterprise	1,043,354	536,646	506,708
Total	\$ 2,472,185	\$ 1,400,169	\$ 1,072,016

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State 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 the 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.

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.

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

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

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:		
Village Square Improvement	\$123,733	7.75%
Sewer Facility Improvement	<u>27,000</u>	5.875%
Total General Obligation Bonds	150,733	
Mortgage Revenue Bonds:		
Sewer Revenue Bonds	46,000	4.5%
Ohio Public Water Commission (OPWC) Loan:		
Water Transmission Water Replacement	180,000	0.0%
Ohio Water Development Authority (OWDA) Loans:		
890 Lagoon and Sludge Facilities	32,794	8.26%
890S Lagoon and Sludge Facilities	26,490	8.47%
890S2 Lagoon and Sludge Facilities	22,433	8.09%
2067 Water Transmission Line Replacement	73,930	7.56%
2105 Sewer Plant Revisions	277,383	7.24%
8024 Water Distribution	<u>78,041</u>	6.51%
Total OWDA Loans		511,071
Mortgage Secured Loan	<u>573,057</u>	7.0%
Total	<u>\$1,460,861</u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant expansion and improvement projects. The Ohio Public Water Commission (OPWC) non-interest bearing loan was for installing a water line from the pumping station to the center of town. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

The mortgage secured loan relates to purchase of land to be developed into a park and recreational area. The debt is collateralized by the land. The debt will be repaid in semiannual installments of \$32,433 over 14 years. The Village has entered into a separate agreement with LaGrange Township where the Township will purchase a one-half interest in the land.

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

Year Ending December 31:	<u>General Obligation Bonds</u>	<u>Mortgage Revenue Bonds</u>	<u>OPWC Loan</u>	<u>OWDA Loans</u>	<u>Mortgage Secured Loan</u>
1999	\$ 28,642	\$ 7,070	\$ 15,000	\$ 68,869	\$ 64,867
2000	27,325	6,845	15,000	68,869	64,867
2001	26,010	7,620	15,000	68,869	64,867
2002	25,693	7,350	15,000	68,869	64,867
2003	24,319	7,080	15,000	68,869	64,867
Subsequent	<u>71,237</u>	<u>19,620</u>	<u>105,000</u>	<u>426,748</u>	<u>584,438</u>
Total	<u>\$ 203,226</u>	<u>\$ 55,585</u>	<u>\$ 180,000</u>	<u>\$ 771,093</u>	<u>\$ 908,773</u>

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Law enforcement liability
- Public official's liability
- Vehicles
- Employee dishonesty
- Errors and omissions
- Boiler and machinery

The Village also provides health insurance and dental and vision coverage to full-time employees through the Lorain County Health Care Insurance Program.

8. DEBT SERVICE FUNDS WITH TRUSTEE

The agreement for the sewer system revenue bonds requires the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 1999, the custodian held \$63,750 in Village assets. These assets, and the related receipts and disbursements, are reflected in the accompanying financial statements.

9. RELATED PARTY TRANSACTIONS

The Village purchased land from the Village's Mayor and her spouse for a future recreational park on May 21, 1999 for \$605,132. The general warranty deed requires that the land not be used for any purpose other than a public park. The Village executed a mortgage-secured promissory note to the seller, to pay semi-annually, for fifteen years, at an interest rate of seven (7) percent, a total amount of \$941,206 including interest. The sale was within the provisions of a "Public Contract" as defined in Ohio Revised Code Section 2921.42.

VILLAGE OF LAGRANGE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

10. JOINT VENTURE

A joint venture by the Village of LaGrange and LaGrange Township to create the LaGrange Joint Park and Recreation Board was created on October 13, 1997. The joint venture was activated with the purchase of park land on May 21, 1999, and the first board meeting of the LaGrange Joint Park and Recreation Board was held on August 24, 1999. The Board is comprised of five members who shall be residents of either the Village or Township, and who shall serve without compensation. The Village Council and the Township Trustees can appoint two members each, with the fifth member, designated as chairperson for a term of one year, on an alternating basis, appointed by the Village Council one year and the Township Trustees the next year. The Board must receive approval from the legislative bodies of both the Village and the Township for any contracts, agreements, and other commitments for the expenditure of money.

The Village and the Township have an equal interest in the real and personal property of the joint venture and share equally in the cost and contributions towards the joint venture. The Village of LaGrange contributed \$236 to the joint venture for the year ended December 31, 1999.

11. CONTINGENT LIABILITIES

The Village is a defendant in two lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.



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

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

Village of LaGrange
Lorain County
355 South Center Road
LaGrange Ohio, 44050-0597

To Members of Council:

We have audited the accompanying financial statements of the Village of LaGrange, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 12, 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 Village'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 the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 12, 2000.

Village of LaGrange
Lorain County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Village Council, 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF LAGRANGE

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 25, 2000**