LAGRANGE COMMUNITY IMPROVEMENT CORPORATION
LORAIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005

Mary Taylor, CPA
Auditor of State

LAGRANGE COMMUNITY IMPROVEMENT CORPORATION
LORAIN COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 2, 2007

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the LaGrange Community Improvement Corporation, Lorain County, Ohio, (the Corporation) as of and for the years ended December 31, 2006 and December 31, 2005. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Corporation has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Corporation to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. While the Corporation does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Corporation has elected not to reformat its statements. Since this Corporation does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Corporation as of December 31, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the LaGrange Community Improvement Corporation, Lorain County, Ohio, as of December 31, 2006 and December 31, 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Corporation to include Management's Discussion and Analysis for the years ended December 31, 2006 and December 31, 2005. The Corporation has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2007, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 2, 2007

LAGRANGE COMMUNITY IMPROVEMENT CORPORATION
LORAIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

	General
Cash Receipts:	
Earnings on Investments	3,988
Total Cash Receipts	3,988
Cash Disbursements:	
Paid to Village	166,394
Paid to Township	166,394
Total Cash Disbursements	332,788
Total Receipts Over/(Under) Disbursements	(328,800)
Other Financing Receipts/(Disbursements)	
Sale of Property	346,917
Total Other Financing Receipts/(Disbursements)	346,917
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	18,117
Fund Cash Balance, January 1, 2006	56
Fund Cash Balance, December 31, 2006	**18,173**

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

LAGRANGE COMMUNITY IMPROVEMENT CORPORATION
LORAIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

	General
Cash Receipts:	
Intergovernmental	60
Total Cash Receipts	60
Cash Disbursements:	
Current:	
General Government	4
Total Cash Disbursements	4
Total Receipts Over/(Under) Disbursements	56
Fund Cash Balance, January 1, 2005	0
Fund Cash Balance, December 31, 2005	**56**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Corporation recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As of December 31, 2006 and December 31, 2005 the Corporation did not own any investments.

The Corporation values certificates of deposit at cost

D. Property

Acquisition of property by the Corporation from the Village and Township only occurs when the completion of a purchase for a parcel of the property is necessary to complete the sales transaction. The parcels of property remaining to be sold continue to be jointly owned by the Village and Township, each with 50 percent ownership.

2. Cash

The carrying amount of cash and investments at December 31 was as follows:

	2006	2005
Demand deposits	$749	$56
Certificates of deposit	17,424	0
Total deposits	$18,173	$56

Deposits are insured by the Federal Depository Insurance Corporation.

3. Capital Assets

Proceeds from the sale of parcels of the property are owed equally one-half to the Village and one-half to the Township.

Net assets not yet distributed are held in a bank certificate of deposit and the checking account.

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

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

To the Board of Directors:

We have audited the financial statements of LaGrange Community Improvement Corporation, Lorain County, Ohio, (the Corporation) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated March 2, 2007, wherein we noted the Corporation prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Corporation's management in a separate letter dated March 2, 2007.

Compliance and Other Matters

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 2, 2007

Mary Taylor, CPA
Auditor of State

LaGRANGE COMMUNITY IMPROVEMENT CORPORATION

LORAIN COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 23, 2007

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