



Dave Yost • Auditor of State



**LAGRANGE COMMUNITY PARK BOARD  
LORAIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – For the Year Ended December 31, 2016 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – For the Year Ended December 31, 2015 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

LaGrange Community Park Board  
Lorain County  
355 South Center Street  
LaGrange, Ohio 44050

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the LaGrange Community Park Board, Lorain County, (the Board) as of and for the years ended December 31, 2016 and 2015.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

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

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

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

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

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

As described in Note 2 of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Board does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the LaGrange Community Park Board, Lorain County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

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

October 3, 2017

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**LaGrange Community Park Board**  
*Lorain County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2016*

	<u>General</u>
<b>Cash Receipts</b>	
Charges for Services	\$ 3,300
Member Contributions	77,500
Donations	500
Miscellaneous	<u>1,720</u>
<i>Total Cash Receipts</i>	<u>83,020</u>
<b>Cash Disbursements</b>	
Current:	
Utilities	12,388
Materials and Supplies	14,569
Contractual Services	37,435
Capital Outlay	-
Lease Payment:	
Principal Retirement	13,488
Interest and Fiscal Charges	<u>501</u>
<i>Total Cash Disbursements</i>	<u>78,381</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,639</u>
<i>Net Change in Fund Cash Balances</i>	4,639
<i>Fund Cash Balances, January 1</i>	<u>50,783</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	<u>55,422</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 55,422</u></u>

*See accompanying notes to the basic financial statements*

**LaGrange Community Park Board**  
*Lorain County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2015*

	<u>General</u>
<b>Cash Receipts</b>	
Charges for Services	\$ 3,700
Member Contributions	100,000
Intergovernmental	30,000
Donations	1,950
Miscellaneous	150
	<u>135,800</u>
<i>Total Cash Receipts</i>	<u>135,800</u>
<b>Cash Disbursements</b>	
Current:	
Utilities	10,667
Materials and Supplies	17,351
Contractual Services	31,797
Capital Outlay	119,021
Lease Payment:	
Principal Retirement	13,011
Interest and Fiscal Charges	977
	<u>192,824</u>
<i>Total Cash Disbursements</i>	<u>192,824</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(57,024)</u>
<i>Net Change in Fund Cash Balances</i>	(57,024)
<i>Fund Cash Balances, January 1</i>	<u>107,807</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	<u>50,783</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 50,783</u>

*See accompanying notes to the basic financial statements*

**LaGrange Community Park Board**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 and 2015*

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**Note 1 – Reporting Entity**

The LaGrange Community Park Board (the Board), Lorain County, is a Joint Recreation Board established on October 13, 1997 by LaGrange Township and the Village of LaGrange under the Authority of Ohio Revised Code Section 755.14. The Board is comprised of five board members who are residents of either the Township or Village. Two members are appointed by the Village Council and the Township Trustees, with the fifth member, designated as the chairperson, being appointed for a term of one year, on an annual alternating basis by the Village Council and the Township Trustees. The Village and Township have an equal interest in the real and personal property of the Board and share equally in the cost and contributions toward the Board's operation. The Board exercises all the powers to equip, operate and maintain parks, playgrounds, playing fields, gymnasiums, swimming pools, and recreation centers.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Board 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 Board 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 Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Board is not subject to Ohio Revised Code budgeting requirements. However, the Board passes an annual operating budget based on anticipated receipts and disbursement needs.

**LaGrange Community Park Board**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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***Deposit and Investments***

The Board'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.

***Capital Assets***

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Fund Balance***

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

***Nonspendable*** The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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*** Board Members can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends the resolution. Committed fund balance 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Board official delegated that authority by resolution, or by State Statute.

***Unassigned*** 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.

The Board 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.

**LaGrange Community Park Board**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 3 – Member Contributions**

LaGrange Township and the Village of LaGrange share expenditures made by the Board. Contributions are received prior to the payment of expenditures. During fiscal years 2016 and 2015, the Board received \$38,750 and \$50,000 each, respectively, from the Village of LaGrange and LaGrange Township. The Township and the Village both contributed their required contributions for 2016 and 2015.

**Note 4 – Deposits**

The Board maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2016	2015
Demand deposits	\$ 55,422	\$ 50,783
Total deposits	\$ 55,422	\$ 50,783

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 5 – Risk Management**

The Board is exposed to various risks of property and casualty losses, and injuries to employees.

The Board insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Board belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**LaGrange Community Park Board**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,261	\$38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position	<u>\$28,795,851</u>	<u>\$25,548,550</u>

At December 31, 2016 and 2015, respectively, the liabilities above include approximately 12.0 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 499 members in 2015 to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Board's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2016</u>	<u>2015</u>
\$5,267	\$4,874

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**LaGrange Community Park Board**  
*Lorain County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 6 – Lease**

Leases outstanding at December 31, 2015 were as follows:

	<u>Principal</u>
Toro Tractor	\$9,602
Ventrac Tractor	<u>3,886</u>
Total	<u><u>\$13,488</u></u>

All leases were fully paid off during the year ended December 31, 2016.

**Note 7 – Related Party Transactions**

A Board Member is the owner of Armor Plumbing and Fire Protection, from which the Board acquired plumbing services for the constructed recreation building during fiscal year 2015. The Board paid \$10,825 for these services. The Board also contracted with the Ford Builders II, Inc., which was owned by the above mentioned Board Member's father. The Board contracted with Ford Builders II, Inc. for the construction of the recreation building in fiscal year 2015. The Board paid \$63,690 for this construction.

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# Dave Yost • Auditor of State

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

LaGrange Community Park Board  
Lorain County  
355 South Center Street  
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the LaGrange Community Park Board, Lorain County, (the Board) as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 3, 2017, wherein we noted the Board followed the financial reporting provisions, of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-02-03(D) permit.

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***Entity's Response to Findings***

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Board's response and, accordingly, we express no opinion on it

***Purpose of this Report***

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



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

October 3, 2017

**LAGRANGE COMMUNITY PARK BOARD  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Unlawful Interest in a Public Contract**

<i>Finding Number</i>	2016-001
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NONCOMPLIANCE

Ohio Revised Code Section 2921.42(A)(1) prohibits a public official from authorizing or using the authority or influence of the public official's office to secure a public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

Additionally, Ohio Revised Code Section 2921.42(A)(4) states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

The following issues were noted:

Marlon Ford is a Board Member of LaGrange Community Park Board. Larry Ford is the father of Marlon Ford and the owner of Ford Builders II, Inc. On April 14, 2015 the LaGrange Community Park Board unanimously passed a resolution authorizing a contract with Ford Builders II, Inc. in the amount of \$49,796. Individual payments were approved by the Board unanimously without evidence of Marlon Ford abstaining. The LaGrange Community Park Board made the following payments to Ford Builders II, Inc. during 2015:

- Check for \$29,776 on April 26, signed by the Board Chairman.
- Check for \$10,000 on May 26, signed by the Board Chairman and co-signed by Marlon Ford.
- Check for \$2,694 on July 14, signed by the Board Chairman.
- Check for \$10,000 on July 29, signed by the Board Chairman.
- Check for \$900 on August 14, signed by the Board Chairman.
- Check for \$10,320 on December 23, signed by the Board Chairman.

Armor Plumbing and Fire Protection LLC is owned by Marlon Ford, who serves on the LaGrange Community Park Board of Trustees. Armor Plumbing and Fire Protection, LLC was paid \$10,725 and \$100 on August 11 and October 13, 2015, respectively, while Marlon Ford served on the Board of Trustees. The checks were signed by the Board Chairman and co-signed by another Board member.

These matters will be referred to the Ohio Ethics Commission.

**Official's Response:**

Ford Builders built all other structures at the park along with buildings for the Township and is a local contractor and all of those projects were prior to Marlin serving on the board. We elected to use the same builder, regardless if the owner is Marlin's father and honestly never gave it a thought. With a population of 3,500 people it's rare that everyone is not related. To my knowledge Marlin abstained or was not present at the meetings when contracts or payments were made, if the minutes show something else, I would say they were in error.

**LAGRANGE COMMUNITY PARK BOARD  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
(Continued)  
DECEMBER 31, 2016**

The payments made to Armor Plumbing were done to reimburse his company for materials only and all labor was donated by Armor. If I would have realized this would become a huge conflict, I would have paid suppliers directly, to avoid this problem. This would have cost more money because we would not have realized the discounts from the suppliers.

The LaGrange Community Park Board is made up of five (5) volunteers and those seats are filled with park approval not the Township or Village's approval. They are not appointed or elected to the board and serve with no compensation. Countless hours are spent by the volunteers running and managing the park with no personal gain other than knowing they are building a better community for all of us to live in.

Because the Board is made up of volunteers it is difficult to have enough people to fill empty seats and we are not politicians, so it is impossible for us to totally understand all the rules and regulations that apply to the position.



# Dave Yost • Auditor of State

**LAGRANGE COMMUNITY PARK BOARD**

**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  
OCTOBER 19, 2017**