



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis – For the Year Ended December 31, 2021	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2021	11
Statement of Activities – Cash Basis – For the Year Ended December 31, 2021	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds – December 31, 2021	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis	
Governmental Funds – For the Year Ended December 31, 2021	14
Statement of Fund Net Position	
Proprietary Funds – December 31, 2021	15
Statement of Receipts, Disbursements and Changes in Fund Net Position	
Proprietary Funds – For the Year Ended December 31, 2021	16
Statement of Cash Flows	
Proprietary Funds – For the Year Ended December 31, 2021	17
Statement of Fiduciary Net Position	
Fiduciary Funds – December 31, 2021	18
Statement of Changes in Fiduciary Net Position	
Fiduciary Funds – For the Year Ended December 31, 2021	19
Statement of Receipts, Disbursements and Changes in Fund Balance	
Budget and Actual – Budget Basis – For the Year Ended December 31, 2021	
General Fund.....	20
Street Construction Maintenance and Repair Fund.....	21
Income Tax Fund.....	22
Notes to the Basic Financial Statements – For the Year Ended December 31, 2021	23

**VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2021 AND 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Management’s Discussion and Analysis – For the Year Ended December 31, 2020	41
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2020	47
Statement of Activities – Cash Basis – For the Year Ended December 31, 2020	48
Fund Financial Statements:	
Statement of Assets and Fund Balances	
Governmental Funds – December 31, 2020	49
Statement of Receipts, Disbursements and Changes in Fund Balances	
Governmental Funds – For the Year Ended December 31, 2020	50
Statement of Fund Net Position	
Proprietary Funds – December 31, 2020	51
Statement of Receipts, Disbursements and Changes in Fund Net Position	
Proprietary Funds – For the Year Ended December 31, 2020	52
Statement of Cash Flows	
Proprietary Funds – For the Year Ended December 31, 2020	53
Statement of Fiduciary Net Position	
Fiduciary Funds – December 31, 2020	54
Statement of Changes in Fiduciary Net Position	
Fiduciary Funds – For the Year Ended December 31, 2020	55
Statement of Receipts, Disbursements and Changes in Fund Balance	
Budget and Actual - Budget Basis – For the Year Ended December 31, 2020	
General Fund.....	56
Street Construction Maintenance and Repair Fund.....	57
Income Tax Fund.....	58
Notes to the Basic Financial Statements – For the Year Ended December 31, 2020	59
Independent Auditor’s Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	77
Schedule of Findings.....	79

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaGrange, Lorain County, Ohio (the Village), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaGrange, Lorain County, Ohio as of December 31, 2021 and 2020, and the respective changes in cash-basis financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction Maintenance and Repair and Income Tax funds for the years then ended in accordance with the cash-basis accounting basis described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the Village to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 6, 2023

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Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

This discussion and analysis of the Village of LaGrange financial performance provides an overall review of the Village's financial activities for the year ending December 31, 2021, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2021 are as follows:

Net position of governmental activities increased \$427,252 from the prior year. Nearly all funds contributed to this increase. The funds most affected by the increase in cash and cash equivalents were the general fund and the street construction maintenance and repair fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 16 and 52 percent of the total cash received for governmental activities during the year. Property and other local tax receipts increased from 2020 by \$1,036 and income tax receipts increased from 2020 by \$163,132. The increase in income tax receipts is most likely due to the economy picking back up during the COVID-19 pandemic.

The water distribution operation and the sanitary sewer processing operation, business-type activities, saw an increase in net position by \$248,175.

Using the Basic Financial Statements

This annual report is represented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The village has elected to present its financial statements on a cash basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Reporting the Village as Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2021, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's good or services and grant and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as 1 way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is 1 indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into 2 types of activities:

- **Government activities** – Most of the Village's basic services are reported here, including police, street, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- **Business –type activities** – The Village has 3 business-type activities: the provision of water distribution, sanitary sewer service, and the enterprise deposit fund. Business-type activities are financed by a fee charged to the customers receiving the services.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into 3 categories: governmental, proprietary, and fiduciary.

Governmental funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the general fund and the street construction fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

is reported as an enterprise fund. The village has 3 major enterprise funds: the water fund, sewer fund, and storm sewer fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's custodial funds include sidewalk performance bonds, residential and commercial permits, and Mayor's Court.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2021 compared to 2020 on a cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Cash & Investments	2,342,085	1,914,833	2,640,951	2,392,776	4,983,036	4,307,609
Total Assets	2,342,085	1,914,833	2,640,951	2,392,776	4,983,036	4,307,609
Net Position:						
Restricted		13,438				13,438
Other Purposes	944,402	752,263			944,402	752,263
Unrestricted	<u>1,397,683</u>	<u>1,149,132</u>	<u>2,640,951</u>	<u>2,392,776</u>	<u>4,038,634</u>	<u>3,541,908</u>
Total Net Position	2,342,085	1,914,833	2,640,951	2,392,776	4,983,036	4,307,609

As previously mentioned, net position of governmental activities and business-type activities increased during 2021.

The primary reasons contributing to the increase in cash balances are as follows:

- Income tax increased \$163,132 as a result of economic factors such as the economic shutdown due to COVID-19 affecting withholding and net profits from local businesses; and
- Net position of business-type activities decreased \$185,182 due in part to residents returning to their places of employment as opposed to working from home during the economic shutdown associated with COVID-19.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The following table reflects the changes in net position on a cash basis for 2021 and 2020 for governmental activities and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Receipts						
Program Receipts:						
Charges for Services & Sales	264,428	293,244	1,720,299	1,746,729	1,984,727	2,039,973
Operating & Capital Grants & Contributions	346,032	373,679			346,032	373,679
General Receipts:						
Property Taxes	376,579	375,543			376,579	375,543
Income Taxes	1,190,873	1,027,741			1,190,873	1,027,741
Fines, Licenses, & Permits						
Grants & Entitlements not Restricted to Specific Programs	51,029	40,516			51,029	40,516
Intergovernmental						
Cable Franchise Fees	5,282	7,401			5,282	7,401
Earnings on Investments	2,751	17,558			2,751	17,558
Miscellaneous	45,457	138,731		345	45,457	139,076
Sale of Capital Assets	10,125				10,125	
Total Receipts	2,292,556	2,274,413	1,720,299	1,747,074	4,012,855	4,021,487
Disbursements						
Current:						
General Government	677,971	626,545			677,971	626,545
Security of Persons & Property	762,068	712,304			762,068	712,304
Public Health Services	4,887	9,372			4,887	9,372
Leisure Time Activities	69,671	76,999			69,671	76,999
Community Environment	35,378	20,171			35,378	20,171
Basic Utility Services	207,955	197,007			207,955	197,007
Transportation	59,627	67,594			59,627	67,594
Debt Service:						
Principal Retirement – includes Interest & Fiscal charges	13,486	51,376			13,486	51,376
Enterprise – Water, Sewer, & Storm Sewer			1,472,124	1,313,717	1,472,124	1,313,717
Capital Outlay:	34,261				34,261	
Other						
Total Disbursements	1,865,304	1,761,368	1,472,124	1,313,717	3,337,428	3,075,085
Change in Net Position	427,252	513,045	248,175	433,357	675,427	946,402

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Program receipts represent 50 percent of total receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax funds, water and sewer user charges. General receipts represent the other 50 percent of the Village's total receipts and of this amount, over 93 percent are property and other local taxes and income taxes.

State and federal grants and entitlements, earnings on investments and miscellaneous revenues make up the balance of the Village's general receipts.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council and administration, solicitor's services, and maintenance department.

Security of persons and property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the park; the community Environment department is the cost of zoning issues and engineering services; Basic Utility Services are the costs for solid waste collection; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and general government, which account for 41 and 36 percent of all governmental disbursements (excluding transfers), respectively. Basic utilities also represent a significant cost of about 11 percent. The next 2 columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts.

The dependency upon property and income tax receipts is apparent as over 68 percent of governmental activities are supported through these general receipts.

Business-Type Activities

The water distribution operation and sewer operation of the Village routinely report receipts and cash disbursements that are relatively equal. Debt service expenditures in 2021 contributed to disbursements for principal and interest. The net position of the sewer fund increased by \$324,794, the water fund net position decreased by \$99,130, and the storm sewer utility fund increased by \$23,954.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The Village Funds

Total governmental funds had receipts of \$2,292,556 and disbursements of \$1,865,304. The greatest change within governmental funds and business-type funds occurred in the general fund and enterprise funds. The fund balance of the general fund increased \$248,551 in part due to the economic shutdown due to COVID-19.

During 2021, the Village amended its general fund budget a couple of times to reflect changing circumstances.

Final disbursements, excluding transfers, were budgeted at \$1,613,445; while actual disbursements were \$1,405,311 (including encumbrances).

Debt Administration

At December 31, 2021, the Village's outstanding principal debt is \$650,707. For further information regarding the Village's debt, refer to Note 10 of the basic financial statements.

<i>Outstanding Debt</i>	2021	2020
OPWC Loans	166,973	180,459
OWDA Loans	3,570,547	3,532,254
Engineering Agreement		
	3,737,520	3,712,713

Current Issues

The challenges for all Villages are to provide quality services to the public while staying within the restrictions imposed by limited, and shrinking, funding. There is a heavy reliance upon local taxes.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kimberly Fallon, Fiscal Officer, Village of LaGrange, 301 Liberty Street, LaGrange, OH 44050.

Village of LaGrange, Lorain County
Statement of Net Position - Cash Basis
 December 31, 2021

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,342,085	\$2,640,951	\$4,983,036
<i>Total Assets</i>	<u>\$2,342,085</u>	<u>\$2,640,951</u>	<u>\$4,983,036</u>
 Net Position			
Restricted for:			
Other Purposes	944,402		944,402
Unrestricted	<u>1,397,683</u>	<u>2,640,951</u>	<u>4,038,634</u>
<i>Total Net Position</i>	<u>\$2,342,085</u>	<u>\$2,640,951</u>	<u>\$4,983,036</u>

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$762,068				(\$762,068)		(\$762,068)
Public Health Services	4,887			\$129,839	124,952		124,952
Leisure Time Activities	69,671				(69,671)		(69,671)
Community Environment	35,378	\$19,244		2,699	(13,435)		(13,435)
Basic Utility Services	207,955	214,775			6,820		6,820
Transportation	59,627		\$213,494		153,867		153,867
General Government	677,971	30,409			(647,562)		(647,562)
Capital Outlay	34,261				(34,261)		(34,261)
Debt Service:					0		
Principal Retirement	13,486				(13,486)		(13,486)
Total Governmental Activities	1,865,304	264,428	213,494	132,538	(1,254,844)	0	(1,254,844)
Business-Type Activities							
Water	730,626	631,496				(99,130)	(99,130)
Sewer	663,579	988,373				324,794	324,794
Storm Sewer Utility	71,826	95,780				23,954	23,954
Enterprise Deposit Fund	6,093	4,650				(1,443)	(1,443)
Total Business-Type Activities	1,472,124	1,720,299	0	0	0	248,175	248,175
Total Primary Government	\$3,337,428	\$1,984,727	\$213,494	\$132,538	(1,254,844)	248,175	(1,006,669)
General Receipts:							
Property Taxes					376,579		376,579
Income Taxes					1,190,873		1,190,873
Grants and Entitlements not Restricted to Specific Programs					51,029		51,029
Sale of Capital Assets					10,125		10,125
Cable Franchise Fees					5,282		5,282
Earnings on Investments					2,751		2,751
Miscellaneous					45,457		45,457
Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances					1,682,096	0	1,682,096
Change in Net Position					427,252	248,175	675,427
Net Position Beginning of Year					1,914,833	2,392,776	4,307,609
Net Position End of Year					\$2,342,085	\$2,640,951	\$4,983,036

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,397,683	\$326,734	\$176,477	\$441,191	\$2,342,085
<i>Total Assets</i>	<u>\$1,397,683</u>	<u>\$326,734</u>	<u>\$176,477</u>	<u>\$441,191</u>	<u>\$2,342,085</u>
Fund Cash Balances, December 31					
Restricted		326,734	176,477	435,395	938,606
Committed				5,796	5,796
Unassigned	1,397,683				1,397,683
Fund Cash Balances, December 31	<u>\$1,397,683</u>	<u>\$326,734</u>	<u>\$176,477</u>	<u>\$441,191</u>	<u>\$2,342,085</u>

See accompanying notes to the basic financial statements

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$808,361		\$382,512		\$1,190,873
Property Taxes	365,727				365,727
Intergovernmental	64,580	\$180,777		162,556	407,913
Charges for Services	221,658				221,658
Fines, Licenses and Permits	46,992			1,060	48,052
Earnings on Investments	2,492	170		89	2,751
Miscellaneous	45,457				45,457
Total Receipts	1,555,267	180,947	382,512	163,705	2,282,431
Disbursements					
Current:					
Security of Persons and Property	323,389		438,238	441	762,068
Public Health Services	4,887				4,887
Leisure Time Activities	69,671				69,671
Community Environment	35,378				35,378
Basic Utility Services	207,955				207,955
Transportation		59,627			59,627
General Government	675,513			2,458	677,971
Capital Outlay		34,261			34,261
Debt Service:					0
Principal Retirement				13,486	13,486
Total Disbursements	1,316,793	93,888	438,238	16,385	1,865,304
Excess of Receipts Over (Under) Disbursements	238,474	87,059	(55,726)	147,320	417,127
Other Financing Sources (Uses)					
Sale of Capital Assets	10,125				10,125
Transfers In				48	48
Transfers Out	(48)				(48)
Total Other Financing Sources (Uses)	10,077	0	0	48	10,125
Net Change in Fund Balances	248,551	87,059	(55,726)	147,368	427,252
Fund Balances Beginning of Year	1,149,132	239,675	232,203	293,823	1,914,833
Fund Balances End of Year	\$1,397,683	\$326,734	\$176,477	\$441,191	\$2,342,085

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$225,265	\$2,109,623	\$283,940	\$22,123	\$2,640,951
<i>Total Assets</i>	<u>\$225,265</u>	<u>\$2,109,623</u>	<u>\$283,940</u>	<u>\$22,123</u>	<u>\$2,640,951</u>
Net Position					
Unrestricted	\$225,265	\$2,109,623	\$283,940	\$22,123	\$2,640,951
<i>Total Net Position</i>	<u>\$225,265</u>	<u>\$2,109,623</u>	<u>\$283,940</u>	<u>\$22,123</u>	<u>\$2,640,951</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$631,496	\$988,373	\$95,780	\$4,650	\$1,720,299
<i>Total Operating Receipts</i>	<u>631,496</u>	<u>988,373</u>	<u>95,780</u>	<u>4,650</u>	<u>1,720,299</u>
Operating Disbursements					
Personal Services	45,429	113,762			159,191
Employee Fringe Benefits	25,216	25,266			50,482
Contractual Services	583,769	180,000	4,628		768,397
Supplies and Materials	27,798	31,411	248		59,457
Other				6,093	6,093
<i>Total Operating Disbursements</i>	<u>682,212</u>	<u>350,439</u>	<u>4,876</u>	<u>6,093</u>	<u>1,043,620</u>
<i>Operating Income (Loss)</i>	<u>(50,716)</u>	<u>637,934</u>	<u>90,904</u>	<u>(1,443)</u>	<u>676,679</u>
Non-Operating Receipts (Disbursements)					
Capital Outlay	(42,928)	(14,685)	(66,950)		(124,563)
Principal Retirement	(5,214)	(228,657)			(233,871)
Interest and Other Fiscal Charges	(272)	(69,798)			(70,070)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(48,414)</u>	<u>(313,140)</u>	<u>(66,950)</u>	<u>0</u>	<u>(428,504)</u>
<i>Change in Net Position</i>	(99,130)	324,794	23,954	(1,443)	248,175
<i>Net Position Beginning of Year</i>	<u>324,395</u>	<u>1,784,829</u>	<u>259,986</u>	<u>23,566</u>	<u>2,392,776</u>
<i>Net Position End of Year</i>	<u>\$225,265</u>	<u>\$2,109,623</u>	<u>\$283,940</u>	<u>\$22,123</u>	<u>\$2,640,951</u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Cash Flows - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$631,496	\$988,373	\$95,780	\$4,650	\$1,720,299
Cash Payments to Employees for Services	(45,429)	(113,762)			(159,191)
Cash Payments for Employee Benefits	(25,216)	(25,266)			(50,482)
Cash Payments for Goods and Services	(611,567)	(211,411)	(4,876)		(827,854)
Other Cash Payments				(6,093)	(6,093)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(50,716)</u>	<u>637,934</u>	<u>90,904</u>	<u>(1,443)</u>	<u>676,679</u>
Cash Flows from Capital and Related Financing Activities					
Principal Paid on Debt	(5,214)	(228,657)			(233,871)
Interest Paid on Debt	(272)	(69,798)			(70,070)
Payment for Capital Acquisitions	(42,928)	(14,685)	(66,950)		(124,563)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(48,414)</u>	<u>(313,140)</u>	<u>(66,950)</u>	<u>0</u>	<u>(428,504)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(99,130)	324,794	23,954	(1,443)	248,175
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>324,395</u>	<u>1,784,829</u>	<u>259,986</u>	<u>23,566</u>	<u>2,392,776</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$225,265</u></u>	<u><u>\$2,109,623</u></u>	<u><u>\$283,940</u></u>	<u><u>\$22,123</u></u>	<u><u>\$2,640,951</u></u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Custodial
	Other Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	\$45,561
<i>Total Assets</i>	\$45,561
Net Position	
Expendable	45,561
<i>Total Net Position</i>	\$45,561

See accompanying notes to the basic financial statements.

Village of LaGrange, Ohio, Lorain County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Custodial
	Other Custodial
Additions	
Performance Deposits Received	\$10,755
Amounts Received as Fiscal Agent	9,996
<i>Total Additions</i>	20,751
Deductions	
Distributions as Fiscal Agent	10,202
<i>Total Deductions</i>	10,202
<i>Change in Net Position</i>	10,549
<i>Net Position Beginning of Year</i>	35,012
<i>Net Position End of Year</i>	\$45,561

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$720,000	\$792,390	\$808,361	\$15,971
Property Taxes	365,153	365,153	365,727	574
Intergovernmental	35,470	35,470	64,580	29,110
Charges for Services	263,000	278,430	221,658	(56,772)
Fines, Licenses and Permits	78,200	85,063	46,992	(38,071)
Earnings on Investments	55,000	55,000	2,492	(52,508)
Miscellaneous	28,000	43,049	45,457	2,408
<i>Total Receipts</i>	1,544,823	1,654,555	1,555,267	(99,288)
Disbursements				
Current:				
Security of Persons and Property	272,263	369,306	341,789	27,517
Public Health Services	9,000	9,000	4,887	4,113
Leisure Time Activities	102,310	102,310	73,863	28,447
Community Environment	63,452	63,452	54,516	8,936
Basic Utility Services	200,000	207,955	207,956	(1)
General Government	836,530	861,422	722,300	139,122
<i>Total Disbursements</i>	1,483,555	1,613,445	1,405,311	208,134
<i>Excess of Receipts Over (Under) Disbursements</i>	61,268	41,110	149,956	108,846
Other Financing Sources (Uses)				
Sale of Capital Assets		10,125	10,125	0
Transfers Out	(56,000)	(56,000)	(48)	55,952
Other Financing Uses	(100,000)	(100,000)		100,000
<i>Total Other Financing Sources (Uses)</i>	(156,000)	(145,875)	10,077	155,952
<i>Net Change in Fund Balance</i>	(94,732)	(104,765)	160,033	264,798
<i>Unencumbered Fund Balance Beginning of Year</i>	928,102	928,102	928,102	0
Prior Year Encumbrances Appropriated	159,521	159,521	159,521	0
<i>Unencumbered Balance End of Year</i>	\$992,891	\$982,858	\$1,247,656	\$264,798

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$86,450	\$165,750	\$180,777	\$15,027
Earnings on Investments	1,000	1,000	170	(830)
<i>Total Receipts</i>	87,450	166,750	180,947	14,197
Disbursements				
Current:				
Transportation	57,073	75,116	66,443	8,673
Capital Outlay	109,999	110,000	110,000	0
<i>Total Disbursements</i>	167,072	185,116	176,443	8,673
<i>Excess of Receipts Over (Under) Disbursements</i>	(79,622)	(18,366)	4,504	22,870
<i>Net Change in Fund Balance</i>	(79,622)	(18,366)	4,504	22,870
<i>Unencumbered Fund Balance Beginning of Year</i>	238,170	238,170	238,170	0
Prior Year Encumbrances Appropriated	1,505	1,505	1,505	0
<i>Unencumbered Balance End of Year</i>	\$160,053	\$221,309	\$244,179	\$22,870

See accompanying notes to the basic financial statements.

Village of LaGrange, Lorain County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Income Tax Fund
 For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$415,000	\$415,000	\$382,512	(\$32,488)
<i>Total Receipts</i>	<u>415,000</u>	<u>415,000</u>	<u>382,512</u>	<u>(32,488)</u>
Disbursements				
Current:				
Security of Persons and Property	456,262	456,262	445,517	10,745
<i>Total Disbursements</i>	<u>456,262</u>	<u>456,262</u>	<u>445,517</u>	<u>10,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,262)</u>	<u>(41,262)</u>	<u>(63,005)</u>	<u>(21,743)</u>
<i>Net Change in Fund Balance</i>	(41,262)	(41,262)	(63,005)	(21,743)
<i>Unencumbered Fund Balance Beginning of Year</i>	282,391	282,391	282,391	0
Prior Year Encumbrances Appropriated	<u>9,131</u>	<u>9,131</u>	<u>9,131</u>	<u>0</u>
<i>Unencumbered Balance End of Year</i>	<u><u>\$250,260</u></u>	<u><u>\$250,260</u></u>	<u><u>\$228,517</u></u>	<u><u>(\$21,743)</u></u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

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

Primary Government

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

Joint Ventures and Jointly Owned Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

LaGrange Village and LaGrange Township jointly operate the Lagrange Community Park and Business Park. Further information regarding this organization can be found in Note 13.

The Village of LaGrange and LaGrange Township formed a LaGrange Community Improvement Corporation in March 2005 to act as agent for the Village and Township to develop and implement a plan for the subdivision, sale and lease of real estate jointly owned by the Village and the Township. Further information regarding this jointly governed organization can be found in Note 13.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village’s governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

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

Proprietary Funds

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

Fiduciary Funds

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of 3 months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2021, the Village invested in nonnegotiable certificates of deposit, STAR Plus Ohio, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio, which is the price the investment could be sold for on December 31, 2021.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$2,492 which includes \$259 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

K. Long-Term Obligations

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

L. Net Position

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

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

M. Fund Balance

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

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

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

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

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

N. Internal Activity

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Fund Balances

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

Statement of Assets and Fund Balances - Cash Basis
December 31, 2021

	General	Street Construction Maintenance and Repair	Income Tax	Other Governmental Funds	Total Governmental Funds
Restricted		\$326,734	\$176,477	\$435,395	\$938,606
Committed				5,796	5,796
Unassigned	\$1,397,683				1,397,683
Fund Cash Balances, December 31	\$1,397,683	\$326,734	\$176,477	\$441,191	\$2,342,085

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street construction maintenance and repair fund and income tax fund and are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$88,518 for the general fund, \$82,555 for the street construction maintenance and repair fund and \$7,279 for the income tax fund.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	General	Street Construction Maintenance and Repair	Income Tax
Cash Basis	\$248,551	\$87,059	(\$55,726)
Encumbrances	(88,518)	(82,555)	(7,279)
Budget Balance	\$160,033	\$4,504	(\$63,005)

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

6. The State Treasurer's investment pool (STAR Ohio) and (STAR Ohio Plus now known as Government Insured Deposit Program or GIDP);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2021, the carrying amount of the Village's Deposits was \$5,028,595 of the Village's bank balance of \$5,043,435. The bank balance was either covered by federal depository insurance or collateralized by a pool of securities maintained by the Village's financial institutions but not in the Village's name.

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

Investments

As of December 31, 2021, the Village had the following investments:

	<u>Measurement Value</u>	<u>Maturity</u>
STAR Ohio	\$977,319	
STAR Ohio Plus	2,131,094	
Farmers	264,591	08/19/21
 Total Portfolio	 <u><u>\$3,373,004</u></u>	

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

Note 6 – Taxes

Income Taxes

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

Property Taxes

Property taxes include amounts levied against all real and public utility property and tangible personal property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$69,456,550
Public Utility Personal Property	<u>2,006,440</u>
Total	<u><u>\$71,462,990</u></u>

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the Village contracted with Custis Insurance for various types of insurance as follows:

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

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

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

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

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the 3-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

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

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

2021 Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
	14.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution for pension obligations to the traditional and combined plans for year ending December 31, 2021, was \$125,347; the full amount has been contributed for 2021.

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

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

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

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

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution to OP&F for year ending December 31, 2021, was \$122,609; the full amount has been contributed for 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contributions to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Ohio Police and Fire Pension Fund

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefit is adequately funded.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2021, was as follows:

Activities:	Balance at			Balance at	Due in
	<u>1/1/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2021</u>	<u>1 year</u>
OPWC Loans	\$180,459	\$0	\$13,486	\$166,973	\$13,486
OWDA – 2006 Expansion	192,895	0	128,116	64,779	64,779
OWDA – Elevated Tank	1,592	62,405	8,364	55,633	0
OWDA – 2020 Expansion	3,530,662	(5,872)	74,655	3,450,135	86,229

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

	<u>OPWC Loans</u>		<u>OWDA Loans</u>	
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>
Year Ending December 31:				
2022	13,486		151,008	86,546
2023	13,486		88,407	83,883
2024	13,486		90,640	81,650
2025	13,486		92,929	79,360
2026	13,486		95,276	77,013
2027 - 2036	99,543		3,052,287	947,745
Total	\$166,973		\$3,570,547	\$1,356,197

Note 11 – Interfund Transfers

During 2021, the following transfers were made:

	Transfer from	
<u>Transfer to</u>	<u>General</u>	<u>Total</u>
Other Nonmajor		
Governmental Funds	\$48	\$48

The above-mentioned Transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Major Special Revenue Fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated projects.

Note 12 – Contingent Liabilities

The Village is not aware of any pending litigation.

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

Note 13 – Jointly Governed Organizations

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

in the real and personal property of the Park and share equally in the cost and contributions toward the Park.

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

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

Note 14 – COVID-19

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

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Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

This discussion and analysis of the Village of LaGrange financial performance provides an overall review of the Village's financial activities for the year ending December 31, 2020, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2020 are as follows:

Net position of governmental activities increased \$513,045 from the prior year. Nearly all funds contributed to this increase. The funds most affected by the increase in cash and cash equivalents were the general fund and the street construction maintenance and repair fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 22 and 43 percent of the total cash received for governmental activities during the year. Property and other local tax receipts increased from 2019 by \$126,672 and income tax receipts decreased from 2019 by \$111,267. Decrease in income tax receipts is most likely due to the economy shut down due to COVID-19.

The water distribution operation and the sanitary sewer processing operation, business type activities, saw an increase in net position by \$342,100 due to an increase in housing development and Pheasant Run.

Using the Basic Financial Statements

This annual report is represented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The village has elected to present its financial statements on a cash basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2020, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as 1 way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is 1 indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into 2 types of activities:

- Government activities – Most of the Village's basic services are reported here, including police, street, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- Business –type activities – The Village has 3 business-type activities: the provision of water distribution, sanitary sewer service, and the enterprise deposit fund. Business-type activities are financed by a fee charged to the customers receiving the services.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into 3 categories: governmental, proprietary, and fiduciary.

Governmental funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the general fund and the income tax fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The village has 3 major enterprise funds: the water fund, sewer fund, and storm sewer fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's custodial funds include sidewalk performance bonds, residential and commercial permits, and Mayor's Court.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2020 compared to 2019 on a cash basis:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Cash & Investments	\$1,914,833	\$1,401,788	\$2,392,776	\$1,959,419	\$4,307,609	\$3,361,207
<i>Total Assets</i>	<u>1,914,833</u>	<u>1,401,788</u>	<u>2,392,776</u>	<u>1,959,419</u>	<u>4,307,609</u>	<u>3,361,207</u>
Net Position:						
Restricted	13,438				13,438	
Other Purposes	752,263	657,321			752,263	657,321
Unrestricted	<u>1,149,132</u>	<u>744,467</u>	<u>2,392,776</u>	<u>1,959,419</u>	<u>3,541,908</u>	<u>2,703,886</u>
<i>Total Net Position</i>	<u>\$1,914,833</u>	<u>\$1,401,788</u>	<u>\$2,392,776</u>	<u>\$1,959,419</u>	<u>\$4,307,609</u>	<u>\$3,361,207</u>

As previously mentioned, net position of governmental activities and business-type activities increased during 2020.

The primary reasons contributing to the increase in cash balances are as follows:

- Property tax receipts increased by \$126,672; and
- Net position of business-type activities increased \$62,827 due in part to decrease in spending due to the economic shutdown due to COVID-19.

The following table reflects the changes in net position on a cash basis for 2020 and 2019 for governmental activities and business-type activities:

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Receipts						
Program Receipts:						
Charges for Services & Sales	\$293,244	\$293,753	\$1,746,729	\$1,660,122	\$2,039,973	\$1,953,875
Operating & Capital Grants & Contributions	373,679	170,769			373,679	170,769
General Receipts:						
Property Taxes	375,543	243,681			375,543	243,681
Income Taxes	1,027,741	1,139,008			1,027,741	1,139,008
Fines, Licenses, & Permits		6,133				6,133
Grants & Entitlements not Restricted to Specific Programs	40,516				40,516	
Intergovernmental		42,426				42,426
Cable Franchise Fees	7,401				7,401	
Earnings on Investments	17,558	58,705			17,558	58,705
Miscellaneous	138,731	89,435	345	3,110	139,076	92,545
Sale of Capital Assets		255,884				255,884
Total Receipts	2,274,413	2,299,794	1,747,074	1,663,232	4,021,487	3,963,026
Disbursements						
Current:						
General Government	626,545	906,117			626,545	906,117
Security of Persons & Property	712,304	731,398			712,304	731,398
Public Health Services	9,372	7,983			9,372	7,983
Leisure Time Activities	76,999	77,267			76,999	77,267
Community Environment	20,171	46,287			20,171	46,287
Basic Utility Services	197,007	191,709			197,007	191,709
Transportation	67,594	113,707			67,594	113,707
Debt Service:						
Principal Retirement – includes Interest & Fiscal charges	51,376	49,393		65,306	51,376	114,699
Enterprise – Water, Sewer, & Storm Sewer			1,313,717	1,001,225		1,001,225
Capital Outlay:		5,760		226,316		232,076
Other		125,744				125,744
Total Disbursements	1,761,368	2,255,365	1,313,717	1,292,847	3,075,085	3,548,212
Change in Net Position	\$513,045	\$44,429	\$433,357	\$370,385	\$946,402	\$414,814

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Program receipts represent 60 percent of total receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax funds, water and sewer user charges. General receipts represent the other 40 percent of the Village's total receipts and of this amount, over 87 percent are property and other local taxes and income taxes.

State and federal grants and entitlements, earnings on investments and miscellaneous revenues make up the balance of the Village's general receipts.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council and administration, solicitor's services, and maintenance department.

Security of persons and property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the park; the community Environment department is the cost of zoning issues and engineering services; Basic Utility Services are the costs for solid waste collection; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and general government, which account for 40 and 35 percent of all governmental disbursements (excluding transfers), respectively. Basic utilities also represent a significant cost of about 11 percent. The next 2 columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts.

The dependency upon property and income tax receipts is apparent as over 79 percent of governmental activities are supported through these general receipts.

Business-Type Activities

The water distribution operation and sewer operation of the Village routinely report receipts and cash disbursements that are relatively equal. Debt service expenditures in 2020 contributed to disbursements for principal and interest. The net position of the sewer fund increased by \$468,321, the water fund net position decreased by \$126,221, and the storm sewer utility fund increased by \$92,073.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The Village Funds

Total governmental funds had receipts of \$2,330,413 and disbursements of \$1,817,368. The greatest change within governmental funds and business-type funds occurred in the general fund and enterprise funds. The fund balance of the general fund increased \$404,665 in part due to the economic shutdown due to COVID-19.

During 2020, the Village amended its general fund budget a couple of times to reflect changing circumstances.

Final disbursements, excluding transfers, were budgeted at \$1,580,523; while actual disbursements were \$1,352,470 (including encumbrances).

Debt Administration

At December 31, 2020, the Village's outstanding principal debt is \$650,707. For further information regarding the Village's debt, refer to Note 10 of the basic financial statements.

Outstanding Debt	2020	2019
OPWC Loans	180,459	175,386
OWDA Loans	3,532,254	319,110
Engineering Agreement	0	35,478
	3,712,713	529,974

Current Issues

The challenges for all villages are to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. There is a heavy reliance upon local taxes.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kimberly Fallon, Fiscal Officer, Village of LaGrange, 301 Liberty Street, LaGrange, OH 44050.

Village of LaGrange
Lorain County
Statement of Net Position - Cash Basis
December 31, 2020

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,914,833	\$2,392,776	\$4,307,609
<i>Total Assets</i>	<u>\$1,914,833</u>	<u>\$2,392,776</u>	<u>\$4,307,609</u>
Net Position			
Restricted for:			
Debt Service	13,438		13,438
Other Purposes	752,263		752,263
Unrestricted	<u>1,149,132</u>	<u>2,392,776</u>	<u>3,541,908</u>
<i>Total Net Position</i>	<u>\$1,914,833</u>	<u>\$2,392,776</u>	<u>\$4,307,609</u>

See accompanying notes to the basic financial statements

Village of LaGrange
 Lorain County
Statement of Assets and Fund Balances
 Governmental Funds
 December 31, 2020

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,149,132	\$239,675	\$232,203	\$293,823	\$1,914,833
<i>Total Assets</i>	<u>\$1,149,132</u>	<u>\$239,675</u>	<u>\$232,203</u>	<u>\$293,823</u>	<u>\$1,914,833</u>
Fund Cash Balances, December 31					
Restricted		239,675	232,203	286,629	758,507
Committed				7,194	7,194
Assigned	40,535				40,535
Unassigned	1,108,597				1,108,597
Fund Cash Balances, December 31	<u>\$1,149,132</u>	<u>\$239,675</u>	<u>\$232,203</u>	<u>\$293,823</u>	<u>\$1,914,833</u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$690,486		\$337,255		\$1,027,741
Property Taxes	354,446				354,446
Intergovernmental	92,542	\$167,455		\$175,295	435,292
Charges for Services	242,847				242,847
Fines, Licenses and Permits	57,232			566	57,798
Earnings on Investments	16,022	839		697	17,558
Miscellaneous	138,731				138,731
<i>Total Receipts</i>	<u>1,592,306</u>	<u>168,294</u>	<u>337,255</u>	<u>176,558</u>	<u>2,274,413</u>
Disbursements					
Current:					
Security of Persons and Property	203,725		363,652	144,927	712,304
Public Health Services	9,372				9,372
Leisure Time Activities	76,999				76,999
Community Environment	20,171				20,171
Basic Utility Services	197,007				197,007
Transportation		67,594			67,594
General Government	624,367			2,178	626,545
Capital Outlay				20,972	20,972
Debt Service:					
Principal Retirement				51,376	51,376
<i>Total Disbursements</i>	<u>1,131,641</u>	<u>67,594</u>	<u>363,652</u>	<u>219,453</u>	<u>1,782,340</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>460,665</u>	<u>100,700</u>	<u>(26,397)</u>	<u>(42,895)</u>	<u>492,073</u>
Other Financing Sources (Uses)					
Loans Issued				20,972	20,972
Transfers In				56,000	56,000
Transfers Out	(56,000)				(56,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(56,000)</u>	<u>0</u>	<u>0</u>	<u>76,972</u>	<u>20,972</u>
<i>Net Change in Fund Balances</i>	404,665	100,700	(26,397)	34,077	513,045
<i>Fund Balances Beginning of Year</i>	<u>744,467</u>	<u>138,975</u>	<u>258,600</u>	<u>259,746</u>	<u>1,401,788</u>
<i>Fund Balances End of Year</i>	<u>\$1,149,132</u>	<u>\$239,675</u>	<u>\$232,203</u>	<u>\$293,823</u>	<u>\$1,914,833</u>

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$324,395	\$1,784,829	\$259,986	\$23,566	\$2,392,776
<i>Total Assets</i>	<u>\$324,395</u>	<u>\$1,784,829</u>	<u>\$259,986</u>	<u>\$23,566</u>	<u>\$2,392,776</u>
Net Position					
Restricted for:					
Unrestricted	\$324,395	\$1,784,829	\$259,986	\$23,566	\$2,392,776
<i>Total Net Position</i>	<u>\$324,395</u>	<u>\$1,784,829</u>	<u>\$259,986</u>	<u>\$23,566</u>	<u>\$2,392,776</u>

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
Statement of Receipts, Disbursements and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$627,297	\$1,015,085	\$100,747	\$3,600	\$1,746,729
					0
<i>Total Operating Receipts</i>	<u>627,297</u>	<u>1,015,085</u>	<u>100,747</u>	<u>3,600</u>	<u>1,746,729</u>
Operating Disbursements					
Personal Services	51,901	106,332			158,233
Employee Fringe Benefits	33,586	35,928			69,514
Contractual Services	541,210	154,210	4,680		700,100
Supplies and Materials	24,447	30,485			54,932
Other				4,416	4,416
<i>Total Operating Disbursements</i>	<u>651,144</u>	<u>326,955</u>	<u>4,680</u>	<u>4,416</u>	<u>987,195</u>
<i>Operating Income (Loss)</i>	<u>(23,847)</u>	<u>688,130</u>	<u>96,067</u>	<u>(816)</u>	<u>759,534</u>
Non-Operating Receipts (Disbursements)					
Loans Issued	3,618,034				3,618,034
Miscellaneous Receipts		345			345
Capital Outlay	(3,628,230)	(1,997)	(3,994)		(3,634,221)
Principal Retirement	(44,814)	(167,012)			(211,826)
Interest and Other Fiscal Charges	(47,364)	(51,145)			(98,509)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(102,374)</u>	<u>(219,809)</u>	<u>(3,994)</u>	<u>-</u>	<u>(326,177)</u>
<i>Change in Net Position</i>	(126,221)	468,321	92,073	(816)	433,357
<i>Net Position Beginning of Year</i>	<u>450,616</u>	<u>1,316,508</u>	<u>167,913</u>	<u>24,382</u>	<u>1,959,419</u>
<i>Net Position End of Year</i>	<u>\$324,395</u>	<u>\$1,784,829</u>	<u>\$259,986</u>	<u>\$23,566</u>	<u>\$2,392,776</u>

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Storm Sewer Utility	Other Enterprise Funds	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	\$627,297	\$1,015,085	\$100,747	\$3,600	\$1,746,729
Cash Payments to Employees for Services	(51,901)	(106,332)			(158,233)
Cash Payments for Employee Benefits	(33,586)	(35,928)			(69,514)
Cash Payments for Goods and Services	(565,657)	(184,695)	(4,680)		(755,032)
Other Cash Payments				(4,416)	(4,416)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(23,847)</u>	<u>688,130</u>	<u>96,067</u>	<u>(816)</u>	<u>759,534</u>
Cash Flows from Noncapital Financing Activities					
Other Cash Payments		345			345
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>0</u>	<u>345</u>	<u>0</u>	<u>0</u>	<u>345</u>
Cash Flows from Capital and Related Financing Activities					
Principal Paid on Debt	(44,814)	(167,012)			(211,826)
Interest Paid on Debt	(47,364)	(51,145)			(98,509)
Payment for Capital Acquisitions	(10,196)	(1,997)	(3,994)		(16,187)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(102,374)</u>	<u>(220,154)</u>	<u>(3,994)</u>	<u>0</u>	<u>(326,522)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(126,221)	468,321	92,073	(816)	433,357
<i>Cash and Cash Equivalents Beginning of Year</i>	450,616	1,316,508	167,913	24,382	1,959,419
<i>Cash and Cash Equivalents End of Year</i>	<u>\$324,395</u>	<u>\$1,784,829</u>	<u>\$259,986</u>	<u>\$23,566</u>	<u>\$2,392,776</u>

See accompanying notes to the basic financial statements.

Village of LaGrange
 Lorain County
Statement of Fiduciary Net Position
Fiduciary Funds
 December 31, 2020

	Custodial
	Other Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	\$35,012
<i>Total Assets</i>	\$35,012
Net Position	
Expendable	35,012
<i>Total Net Position</i>	\$35,012

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Custodial
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$1,128
Performance Deposits Received	4,084
Amounts Received as Fiscal Agent	11,821
<i>Total Additions</i>	17,033
Deductions	
Distributions as Fiscal Agent	10,576
Distributions of Performance Deposits	3,024
<i>Total Deductions</i>	13,600
<i>Change in Net Position</i>	3,433
<i>Net Position Beginning of Year</i>	31,579
<i>Net Position End of Year</i>	\$35,012

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$654,999	\$719,999	\$690,486	(\$29,513)
Property Taxes	267,352	354,444	354,446	2
Intergovernmental	38,001	75,706	92,542	16,836
Charges for Services	233,000	257,999	242,847	(15,152)
Fines, Licenses and Permits	78,200	87,395	57,232	(30,163)
Earnings on Investments	25,000	25,000	16,022	(8,978)
Miscellaneous	15,000	55,560	138,731	83,171
<i>Total Receipts</i>	1,311,552	1,576,103	1,592,306	16,203
Disbursements				
Current:				
Security of Persons and Property	309,087	295,398	225,557	69,841
Public Health Services	9,000	9,372	9,372	0
Leisure Time Activities	101,478	101,105	77,337	23,768
Community Environment	67,577	67,577	54,344	13,233
Basic Utility Services	200,001	200,001	197,008	2,993
General Government	803,139	907,070	788,852	118,218
Capital Outlay	10,000			0
<i>Total Disbursements</i>	1,500,282	1,580,523	1,352,470	228,053
<i>Excess of Receipts Over (Under) Disbursements</i>	(188,730)	(4,420)	239,836	244,256
Other Financing Sources (Uses)				
Transfers Out	(56,000)	(56,000)	(56,000)	0
Other Financing Uses	(200,000)	(175,000)		175,000
<i>Total Other Financing Sources (Uses)</i>	(256,000)	(231,000)	(56,000)	175,000
<i>Net Change in Fund Balance</i>	(444,730)	(235,420)	183,836	419,256
<i>Unencumbered Fund Balance Beginning of Year</i>	637,913	637,913	637,913	0
Prior Year Encumbrances Appropriated	106,353	106,353	106,353	0
<i>Unencumbered Balance End of Year</i>	\$299,536	\$508,846	\$928,102	\$419,256

See accompanying notes to the basic financial statements.

**Village of LaGrange
Lorain County**

*Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$110,001	\$142,860	\$167,455	\$24,595
Earnings on Investments	1,000	1,000	839	(161)
<i>Total Receipts</i>	<u>111,001</u>	<u>143,860</u>	<u>168,294</u>	<u>24,434</u>
Disbursements				
Current:				
Transportation	108,459	108,459	69,099	39,360
<i>Total Disbursements</i>	<u>108,459</u>	<u>108,459</u>	<u>69,099</u>	<u>39,360</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,542</u>	<u>35,401</u>	<u>99,195</u>	<u>63,794</u>
<i>Net Change in Fund Balance</i>	2,542	35,401	99,195	63,794
<i>Unencumbered Fund Balance Beginning of Year</i>	113,294	113,294	113,294	0
Prior Year Encumbrances Appropriated	<u>25,681</u>	<u>25,681</u>	<u>25,681</u>	<u>0</u>
<i>Unencumbered Balance End of Year</i>	<u>\$141,517</u>	<u>\$174,376</u>	<u>\$238,170</u>	<u>\$63,794</u>

See accompanying notes to the basic financial statements.

Village of LaGrange
Lorain County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Income Tax Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$330,000	\$415,000	\$337,255	(\$77,745)
<i>Total Receipts</i>	<u>330,000</u>	<u>415,000</u>	<u>337,255</u>	<u>(77,745)</u>
Disbursements				
Current:				
Security of Persons and Property	391,161	463,561	313,465	150,096
<i>Total Disbursements</i>	<u>391,161</u>	<u>463,561</u>	<u>313,465</u>	<u>150,096</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(61,161)</u>	<u>(48,561)</u>	<u>23,790</u>	<u>72,351</u>
<i>Net Change in Fund Balance</i>	(61,161)	(48,561)	23,790	72,351
<i>Unencumbered Fund Balance Beginning of Year</i>	251,690	251,690	251,690	0
Prior Year Encumbrances Appropriated	<u>6,911</u>	<u>6,911</u>	<u>6,911</u>	<u>0</u>
<i>Unencumbered Balance End of Year</i>	<u><u>\$197,440</u></u>	<u><u>\$210,040</u></u>	<u><u>\$282,391</u></u>	<u><u>\$72,351</u></u>

See accompanying notes to the basic financial statements.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

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

Primary Government

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

Joint Ventures and Jointly Owned Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

LaGrange Village and LaGrange Township jointly operate the Lagrange Community Park and Business Park. Further information regarding this organization can be found in Note 13.

The Village of LaGrange and LaGrange Township formed a LaGrange Community Improvement Corporation in March 2005 to act as agent for the Village and Township to develop and implement a plan for the subdivision, sale and lease of real estate jointly owned by the Village and the Township. Further information regarding this jointly governed organization can be found in Note 13.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in 3 categories: governmental, proprietary, and fiduciary.

Governmental Funds

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

Proprietary Funds

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

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Fiduciary Funds

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, the Village invested in nonnegotiable certificates of deposit, STAR Plus Ohio, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio, which is the price the investment could be sold for on December 31, 2020.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$16,022 which includes \$1,536 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. Net Position

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

M. Fund Balance

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

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

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

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

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

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

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

N. Internal Activity

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from 1 fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Fund Balances

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

Statement of Assets and Fund Balances - Cash Basis
December 31, 2020

	General	Street Construction Maintenance and Repair	Income Tax	Other Governmental Funds	Total Governmental Funds
Restricted		\$239,675	\$232,203	\$286,629	\$758,507
Committed				7,194	7,194
Assigned	\$40,535				40,535
Unassigned	1,108,597				1,108,597
Fund Cash Balances, December 31	<u>\$1,149,132</u>	<u>\$239,675</u>	<u>\$232,203</u>	<u>\$441,191</u>	<u>\$2,342,085</u>

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street construction maintenance and repair fund, and the income tax fund and are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$220,829 for the general fund, \$1,505 for the street construction maintenance and repair fund, and \$(50,187) in the income tax fund.

	General	Street Construction Maintenance and Repair	Income Tax
Cash Basis	\$404,665	\$100,700	(\$26,397)
Encumbrances	<u>(220,829)</u>	<u>(1,505)</u>	<u>50,187</u>
Budget Balance	\$183,836	\$99,195	\$23,790

Note 5 – Deposits and Investments

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

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio) and (STAR Ohio Plus now known as Government Insured Deposit Program or GIDP);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days.

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2020, the carrying amount of the Village's Deposits was \$4,342,621 of the Village's bank balance of \$4,376,152. The bank balance was either covered by federal depository insurance or collateralized by a pool of securities maintained by the Village's financial institutions but not in the Village's name.

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

Investments

As of December 31, 2020, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$619,013	
STAR Ohio Plus	2,129,446	
Farmers	264,126	08/19/20
	\$3,012,585	
Total Portfolio		

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 – Taxes

Income Taxes

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

Property Taxes

Property taxes include amounts levied against all real and public utility property and tangible personal property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$67,011,710
Public Utility Personal Property	<u>1,934,260</u>
Total	<u>\$68,945,970</u>

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

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the Village contracted with Custis Insurance for various types of insurance as follows:

- Comprehensive property and general liability;
- Law Enforcement liability;
- Public Official liability;
- Employee Dishonesty;
- Boiler and Machinery;

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

- Vehicles; and
- Errors and Omission.

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

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

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

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

2020 Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution for pension obligations to the traditional and combined plans for year ending December 31, 2020, was \$136,246; the full amount has been contributed for 2020.

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

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

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

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

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

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

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

	Police
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2020 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s required contribution to OP&F for year ending December 31, 2020, was \$105,236; the full amount has been contributed for 2020.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contributions to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Ohio Police and Fire Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefit is adequately funded.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2020, was as follows:

Activities:	Balance at			Balance at	Due in
	<u>1/1/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2020</u>	<u>1 year</u>
OPWC Loans	\$175,386	\$20,972	\$12,787	\$180,459	\$13,486
County Engineer Loan	35,478	0	35,478	0	0
OWDA – 2006 Expansion	319,110	0	126,215	192,895	128,116
OWDA – Elevated Tank	0	1,592	0	1,592	0
OWDA – 2020 Expansion	0	3,616,442	85,760	3,530,662	74,665

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

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

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

	<u>OPWC Loans</u>		<u>OWDA Loans</u>	
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>
Year Ending December 31:				
2021	\$13,486		\$128,116	\$2,415
2022	13,486		151,008	86,546
2023	13,486		88,407	83,883
2024	13,486		90,640	81,650
2025	13,486		92,929	79,360
2026 - 2036	113,029		3,174,049	1,043,201
Total	\$180,459		\$3,725,149	\$1,377,055

Note 11 – Interfund Transfers

During 2020, the following transfers were made:

Transfer to	Transfer from	
	<u>General</u>	<u>Total</u>
Other Nonmajor Governmental Funds	\$56,000	\$56,000

The above-mentioned Transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Major Special Revenue Fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated projects.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 – Contingent Liabilities

The Village is not aware of any pending litigation.

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

Note 13 – Jointly Governed Organizations

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

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

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

Note 14 – COVID-19

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

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaGrange, Lorain County, (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 6, 2023, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Finding

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 6, 2023

**VILLAGE OF LAGRANGE
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Financial Reporting

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

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

The following misstatements were noted, and adjustments to the financial statements were made accordingly by management:

- At December 31, 2020, Assigned fund balance of \$40,535 in the General Fund was improperly classified as Unassigned fund balance;
- In 2020, OPWC loan proceeds and capital disbursements of \$20,972 were not recorded in the Capital Projects fund;
- In 2021 and 2020, OWDA loan proceeds and capital disbursements of \$56,533 and \$3,618,034 respectively, were not recorded in the Water fund.

The following was noted in the Village's financial statements:

- The 2021 and 2020 budgeted receipts and disbursements totals reported in the budgetary statement did not agree to the accounting system or approved budgetary documents;
- The 2021 and 2020 debt footnotes did not agree to the accounting system and debt requirements schedule;
- In general, the 2021 and 2020 footnotes were not completely updated from the prior audit;

Lack of financial statement review and oversight by management can lead to statements being significantly incorrect and potential findings for recovery or adjustments against the Village.

The Village Council and Management should review the statement for obvious inconsistencies or omissions prior to reports being filed on the Hinkle System.

Official's Response:

As you know, misstatements made by the prior fiscal officer in the 2020 & 2021 financial statements were updated by me. Going forward, our financial documents (e.g., notes, management analyses, etc.), should reflect a higher level of accuracy. The prior fiscal officer's last day was 3/1/2022. My first day was 2/28/2022.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LAGRANGE

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/4/2023

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

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