



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2019 AND 2018**

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**VILLAGE OF LAGRANGE
LORAIN COUNTY
DECEMBER 31, 2019 AND 2018**

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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 Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, 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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2019 and 2018, and the respective changes in cash financial position and where applicable cash flows and the respective budgetary comparisons for the General, Income Tax, and Street Construction Maintenance and Repair Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 28, 2021

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

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, 2019, 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 2019 are as follows:

Net position of governmental activities increased \$42,306 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 fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 13 and 62 percent of the total cash received for governmental activities during the year. Property and other local tax receipts decreased from 2018 by \$20,113 and income tax receipts increased from 2018 by \$16,874.

The water distribution operation and the sanitary sewer processing operation, business type activities, saw an increase in net position by \$370,385 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 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, 2019

Reporting the Village as Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2019, 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 one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one 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 two 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 three 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 spend for the intended purpose. The funds of the Village are split into three 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.

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 three major enterprise funds: the water fund, sewer fund and storm sewer fund.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

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 agency 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 2019 compared to 2018 on a cash basis:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash & Investments	<u>1,401,788</u>	<u>1,357,359</u>	<u>1,959,419</u>	<u>1,589,034</u>	<u>3,361,207</u>	<u>2,946,393</u>
Total Assets	<u><u>1,401,788</u></u>	<u><u>1,357,359</u></u>	<u><u>1,959,419</u></u>	<u><u>1,589,034</u></u>	<u><u>3,361,207</u></u>	<u><u>2,946,393</u></u>
Net Position:						
Restricted						
Other Purposes	657,321	542,466			657,321	542,466
Unrestricted	<u>744,467</u>	<u>814,893</u>	<u>1,959,419</u>	<u>1,589,034</u>	<u>2,703,886</u>	<u>2,403,927</u>
Total Net Position	<u><u>1,401,788</u></u>	<u><u>1,357,359</u></u>	<u><u>1,959,419</u></u>	<u><u>1,589,034</u></u>	<u><u>3,361,207</u></u>	<u><u>2,946,393</u></u>

As previously mentioned, net position of governmental activities and business-type activities increased during 2019.

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

- Income tax decreased \$16,874 as a result of economic factors affecting withholding and net profits from local businesses; and
- Net position of business-type activities increased \$370,385 due in part to increased collections in the water and sewer funds from Pheasant Run.

Table 2 reflects the changes in net position on a cash basis for 2019 and 2018 for governmental activities and business-type activities:

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 293,753	\$ 300,591	\$ 1,660,122	\$ 1,316,336	\$ 1,953,875	\$ 1,616,927
Operating and Capital Grants and Contributions	170,769	143,819			170,769	143,819
General Receipts:						
Property and Other Taxes	243,681	263,794			243,681	263,794
Municipal Income Tax	1,139,008	1,122,134			1,139,008	1,122,134
Fines, Licenses and Permits	6,133	6,281			6,133	6,281
Intergovernmental	42,426	32,514			42,426	32,514
Interest	58,705	54,081			58,705	54,081
Miscellaneous	89,435	27,562	3,110	492	92,545	28,054
Sale of Capital Asset	255,884				255,884	-
Total Receipts	<u>2,299,794</u>	<u>1,950,776</u>	<u>1,663,232</u>	<u>1,316,828</u>	<u>3,963,026</u>	<u>3,267,604</u>
Disbursements:						
Current:						
General Government	906,117	734,935			906,117	734,935
Security of Persons and Property	731,398	679,874			731,398	679,874
Public Health Services	7,983	7,181			7,983	7,181
Leisure Time Activities	77,267	65,311			77,267	65,311
Community Environment	46,287	47,614			46,287	47,614
Basic Utility Service	191,709	152,722			191,709	152,722
Transportation	113,707	133,961			113,707	133,961
Debt Service:						
Principal Retirement	49,393	41,793	62,404	123,418	111,797	165,211
Interest and Fiscal Charges			2,902	7,113	2,902	7,113
Enterprise - Water, Sewer and Storm Sewer			1,001,225	1,021,612	1,001,225	1,021,612
Capital Outlay	5,760	12,885	226,316	376,887	232,076	389,772
Other	125,744	10,000			125,744	10,000
Total Disbursements	<u>2,255,365</u>	<u>1,886,276</u>	<u>1,292,847</u>	<u>1,529,030</u>	<u>3,548,212</u>	<u>3,415,306</u>
Changes in Net Position	<u>44,429</u>	<u>64,500</u>	<u>370,385</u>	<u>(212,202)</u>	<u>414,814</u>	<u>(147,702)</u>

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

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 32 and 40 percent of all governmental disbursements (excluding transfers), respectively. Basic utilities also represent a significant cost of about 8 percent. The next two 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 75 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 2019 contributed to disbursements for principal and interest. The net position of the sewer fund increased by \$463,394, the water fund net position decreased by \$150,700, and the storm sewer utility fund increased \$57,691.

The Village Funds

Total governmental funds had receipts of \$2,297,671 and disbursements of \$2,255,365. 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 decreased \$70,426 in part due to decreased tax collections and decrease in the new municipal building.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2019

During 2019, the Village amended its general fund budget a couple of times to reflect changing circumstances.

Final disbursements, excluding transfers, were budgeted at \$1,794,494; while actual disbursements were \$1,716,355 (including encumbrances).

Debt Administration

At December 31, 2019, the Village's outstanding principal debt is \$529,974. For further information regarding the Village's debt, refer to Note 10 of the basic financial statements.

<i>Outstanding Debt</i>	2019	2018
OPWC Loans	175,386	132,874
OWDA Loans	319,110	381,514
Engineering Agreement	35,478	70,955
	529,974	585,343

Current Issues

The challenges for all Villages is 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 St., LaGrange, OH 44050.

Villag of LaGrange
Lorain County
Statement of Net Position - Cash Basis
December 31, 2019

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,401,788	\$1,959,419	\$3,361,207
<i>Total Assets</i>	<u>\$1,401,788</u>	<u>\$1,959,419</u>	<u>\$3,361,207</u>
Net Position			
Restricted for:			
Debt Service	8,814		8,814
Other Purposes	648,507		648,507
Unrestricted	744,467	1,959,419	2,703,886
<i>Total Net Position</i>	<u>\$1,401,788</u>	<u>\$1,959,419</u>	<u>\$3,361,207</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, 2019

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$731,398			
Public Health Services	7,983			
Leisure Time Activities	77,267			
Community Environment	46,287	\$23,611		\$9,737
Basic Utility Services	191,709	211,557		
Transportation	113,707		\$161,032	
General Government	906,117	58,585		
Capital Outlay	5,760			
Debt Service:				
Principal Retirement	49,393			
Other	125,744			
<i>Total Governmental Activities</i>	<u>2,255,365</u>	<u>293,753</u>	<u>161,032</u>	<u>9,737</u>
Business-Type Activities				
Water	717,875	567,175		
Sewer	530,364	990,658		
Storm Sewer Utility	40,413	98,080		
Enterprise Deposit Fund	4,195	4,209		
<i>Total Business-Type Activities</i>	<u>1,292,847</u>	<u>1,660,122</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$3,548,212</u>	<u>\$1,953,875</u>	<u>\$161,032</u>	<u>\$9,737</u>

General Receipts:

Property Taxes Levied for:

General Purposes

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Sale of Capital Assets

Cable Franchise Fees

Earnings on Investments

Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$731,398)	\$0	(\$731,398)
(7,983)	0	(7,983)
(77,267)	0	(77,267)
(12,939)	0	(12,939)
19,848	0	19,848
47,325	0	47,325
(847,532)	0	(847,532)
(5,760)	0	(5,760)
(49,393)	0	(49,393)
(125,744)	0	(125,744)
<u>(1,790,843)</u>	<u>0</u>	<u>(1,790,843)</u>
0	(150,700)	(150,700)
0	460,294	460,294
	57,667	57,667
	14	14
<u>0</u>	<u>367,275</u>	<u>367,275</u>
<u>(1,790,843)</u>	<u>367,275</u>	<u>(1,423,568)</u>
243,681		243,681
1,139,008		1,139,008
42,426		42,426
255,884		255,884
6,133		6,133
58,705		58,705
89,435	3,110	92,545
<u>1,835,272</u>	<u>3,110</u>	<u>1,838,382</u>
44,429	370,385	414,814
<u>1,357,359</u>	<u>1,589,034</u>	<u>2,946,393</u>
<u>\$1,401,788</u>	<u>\$1,959,419</u>	<u>\$3,361,207</u>

Village of LaGrange
Lorain County
Statement of Assets and Fund Balances
Governmental Funds
December 31, 2019

	General	Income Tax	Other Govenmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$744,467	\$258,600	\$398,721	\$1,401,788
<i>Total Assets</i>	<u>\$744,467</u>	<u>\$258,600</u>	<u>\$398,721</u>	<u>\$1,401,788</u>
Fund Balances				
Restricted		258,600	391,993	650,593
Committed			6,728	6,728
Unassigned (Deficit)	744,467			744,467
<i>Total Fund Balances</i>	<u>\$744,467</u>	<u>\$258,600</u>	<u>\$398,721</u>	<u>\$1,401,788</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, 2019

	General	Income Tax	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$722,360	\$416,648		\$1,139,008
Property Taxes	227,774			227,774
Intergovernmental	68,070		161,032	229,102
Charges for Services	250,597			250,597
Fines, Licenses and Permits	48,654		635	49,289
Earnings on Investments	54,469		4,236	58,705
Miscellaneous	87,312			87,312
	<u>1,459,236</u>	<u>416,648</u>	<u>165,903</u>	<u>2,041,787</u>
<i>Total Receipts</i>				
Disbursements				
Current:				
Security of Persons and Property	376,802	354,596		731,398
Public Health Services	7,983			7,983
Leisure Time Activities	77,267			77,267
Community Environment	46,287			46,287
Basic Utility Services	191,709			191,709
Transportation			113,707	113,707
General Government	903,994			903,994
Capital Outlay	5,760			5,760
Debt Service:				
Principal Retirement			49,393	49,393
	<u>1,609,802</u>	<u>354,596</u>	<u>165,903</u>	<u>2,127,498</u>
<i>Total Disbursements</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(150,566)</u>	<u>62,052</u>	<u>0</u>	<u>(85,711)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	255,884			255,884
Transfers In			50,000	50,000
Transfers Out	(50,000)			(50,000)
Other Financing Uses	(125,744)			(125,744)
	<u>80,140</u>	<u>0</u>	<u>50,000</u>	<u>130,140</u>
<i>Total Other Financing Sources (Uses)</i>				
<i>Net Change in Fund Balances</i>	(70,426)	62,052	50,000	44,429
<i>Fund Balances Beginning of Year</i>	<u>814,893</u>	<u>196,548</u>	<u>345,918</u>	<u>1,357,359</u>
<i>Fund Balances End of Year</i>	<u>\$744,467</u>	<u>\$258,600</u>	<u>\$395,918</u>	<u>\$1,401,788</u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$450,616	\$1,316,508	\$192,295	\$1,959,419
<i>Total Assets</i>	<u>\$450,616</u>	<u>\$1,316,508</u>	<u>192,295</u>	<u>\$1,959,419</u>
Net Position				
Restricted for:				
Unrestricted	\$450,616	\$1,316,508	192,295	1,959,419
<i>Total Net Position</i>	<u>\$450,616</u>	<u>\$1,316,508</u>	<u>192,295</u>	<u>\$1,959,419</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, 2019

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$ 567,175	\$ 990,658	\$ 102,289	\$ 1,660,122
<i>Total Operating Receipts</i>	<u>567,175</u>	<u>990,658</u>	<u>102,289</u>	<u>1,660,122</u>
Operating Disbursements				
Personal Services	81,391	138,181		219,572
Employee Fringe Benefits	57,630	58,280		115,910
Contractual Services	460,752	153,536	3,140	617,428
Supplies and Materials	14,370	28,321	1,429	44,120
Other			4,195	4,195
<i>Total Operating Disbursements</i>	<u>614,143</u>	<u>378,318</u>	<u>8,764</u>	<u>1,001,225</u>
<i>Operating Income (Loss)</i>	<u>(46,968)</u>	<u>612,340</u>	<u>93,525</u>	<u>658,897</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts		3,100		3,100
Capital Outlay	(103,732)	(86,740)	(35,834)	(226,306)
Principal Retirement		(62,404)		(62,404)
Interest and Other Fiscal Charges		(2,902)		(2,902)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(103,732)</u>	<u>(148,946)</u>	<u>(35,834)</u>	<u>(288,512)</u>
<i>Change in Net Position</i>	(150,700)	463,394	57,691	370,385
<i>Net Position Beginning of Year</i>	<u>601,316</u>	<u>853,114</u>	<u>134,604</u>	<u>1,589,034</u>
<i>Net Position End of Year</i>	<u><u>\$450,616</u></u>	<u><u>\$1,316,508</u></u>	<u><u>192,295</u></u>	<u><u>\$1,959,419</u></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, 2019

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$567,175	\$990,658	\$102,289	1,660,122
Cash Payments to Employees for Services	(81,391)	(138,181)		(219,572)
Cash Payments for Employee Benefits	(57,630)	(58,280)		(115,910)
Cash Payments for Goods and Services	(475,122)	(181,857)	(4,569)	(661,548)
Other Cash Payments			(4,195)	(4,195)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(46,968)</u>	<u>612,340</u>	<u>93,525</u>	<u>658,897</u>
Cash Flows from Noncapital Financing Activities				
Other Cash Receipts		3,100		3,100
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>0</u>	<u>3,100</u>	<u>0</u>	<u>3,100</u>
Cash Flows from Capital and Related Financing Activities				
Principal paid on debt		(62,404)		(62,404)
Interest Paid on Debt		(2,902)		(2,902)
Payment for Capital Acquisitions	(103,732)	(86,740)		(190,472)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(103,732)</u>	<u>(152,046)</u>	<u>(35,834)</u>	<u>(291,612)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(150,700)	463,394	57,691	370,385
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>601,316</u>	<u>853,114</u>	<u>134,604</u>	<u>1,589,034</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$450,616</u></u>	<u><u>\$1,316,508</u></u>	<u><u>\$192,295</u></u>	<u><u>\$1,959,419</u></u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Custodial
	Other Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	\$31,579
<i>Total Assets</i>	\$31,579
Net Position	
Expendable	31,579
<i>Total Net Position</i>	\$31,579

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, 2019

	Custodial
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 26,772
Amounts Received as Fiscal Agent	762
	27,534
<i>Total Additions</i>	<i>27,534</i>
Deductions	
Distributions as Fiscal Agent	906
Distributions of Performance Deposits	30,906
Other Distributions	10,000
	41,812
<i>Total Deductions</i>	<i>41,812</i>
<i>Change in Net Position</i>	<i>(14,278)</i>
<i>Net Position Beginning of Year</i>	<i>45,857</i>
<i>Net Position End of Year</i>	<i>\$31,579</i>

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$655,001	\$654,999	\$722,360	\$67,361
Property Taxes	267,353	267,352	227,774	(39,578)
Intergovernmental	38,001	53,908	68,070	14,162
Charges for Services	233,000	233,000	250,597	17,597
Fines, Licenses and Permits	78,600	78,600	48,654	(29,946)
Miscellaneous	15,000	70,000	87,312	17,312
<i>Total Receipts</i>	1,286,955	1,412,328	1,459,236	46,908
Disbursements				
Current:				
Security of Persons and Property	315,600	411,054	408,616	2,438
Public Health Services	9,000	9,000	7,983	1,017
Leisure Time Activities	101,319	98,210	92,430	5,780
Community Environment	57,213	59,213	56,847	2,366
Basic Utility Services	160,502	191,709	191,710	(1)
General Government	742,453	1,015,308	948,769	66,539
Capital Outlay	10,000	10,000	10,000	0
<i>Total Disbursements</i>	1,396,087	1,794,494	1,716,355	78,139
<i>Excess of Receipts Over (Under) Disbursements</i>	(109,132)	(382,166)	(257,119)	125,047
Other Financing Sources (Uses)				
Sale of Capital Assets		255,883	255,884	1
Transfers Out	(50,000)	(50,000)	(50,000)	0
Other Financing Sources	20,000	20,000		(20,000)
Other Financing Uses		(125,789)	(125,745)	44
<i>Total Other Financing Sources (Uses)</i>	(30,000)	100,094	80,139	(19,955)
<i>Net Change in Fund Balance</i>	(139,132)	(282,072)	(176,980)	105,092
<i>Fund Balance Beginning of Year</i>	730,217	730,217	730,217	0
Prior Year Encumbrances Appropriated	84,676	84,676	84,676	0
<i>Fund Balance End of Year</i>	\$675,761	\$532,821	\$637,913	\$105,092

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$330,000	\$376,500	\$416,648	\$40,148
<i>Total Receipts</i>	<u>330,000</u>	<u>376,500</u>	<u>416,648</u>	<u>40,148</u>
Disbursements				
Current:				
Security of Persons and Property	355,338	381,638	361,505	20,133
<i>Total Disbursements</i>	<u>355,338</u>	<u>381,638</u>	<u>361,505</u>	<u>20,133</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,338)</u>	<u>(5,138)</u>	<u>55,143</u>	<u>60,281</u>
<i>Net Change in Fund Balance</i>	(25,338)	(5,138)	55,143	60,281
<i>Fund Balance Beginning of Year</i>	184,187	184,187	184,187	0
Prior Year Encumbrances Appropriated	<u>12,360</u>	<u>12,360</u>	<u>12,360</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$171,209</u></u>	<u><u>\$191,409</u></u>	<u><u>\$251,690</u></u>	<u><u>\$60,281</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, 2019

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 are joint ventures in the operation of the Lagrange Community Park and Business Park. Further information regarding this joint venture 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 14.

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, 2019

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 income tax 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 income tax fund receives income tax revenues from residents and persons who work in the Village. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

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 positions 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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 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 2019, 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, 2019.

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 2019 was \$54,469 which includes \$3,918 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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 represents 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 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:

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Statement of Assets and Fund Balances
Governmental Funds
December 31, 2019

	General	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$744,467	\$258,600	\$398,721	\$1,401,788
<i>Total Assets</i>	<i>\$744,467</i>	<i>\$258,600</i>	<i>\$398,721</i>	<i>\$1,401,788</i>
Fund Balances				
Restricted		258,600	391,993	650,593
Committed			6,728	6,728
Unassigned (Deficit)	744,467			744,467
<i>Total Fund Balances</i>	<i>\$744,467</i>	<i>\$258,600</i>	<i>\$398,721</i>	<i>\$1,401,788</i>

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 and 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 \$106,554 for the general fund and \$6,909 for the Income Tax fund.

	General	Major Special Revenue Fund
Cash Basis	(\$70,426)	\$62,052
Encumbrances	(106,554)	(6,909)
Budget Balance	(\$176,980)	\$55,143

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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 one 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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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 thirty 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
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Notes to the Basic Financial Statements
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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, 2019, the carrying amount of the Village's Deposits was \$616,280 of the Village's bank balance of \$629,413. 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 one hundred five 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, 2019, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$397,257	
STAR Ohio Plus	2,117,098	
Farmers	262,151	08/19/19
Total Portfolio	\$2,776,507	

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 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."

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 – Taxes

Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the general fund and another .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 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, 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 December 31, with the remainder payable by June 20. 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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$61,147,100
Public Utility Personal Property	<u>1,816,170</u>
Total	<u><u>\$62,963,270</u></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 2019, the Village contracted with Custis Insurance for various types of insurance as follows:

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

- 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 three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
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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:

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
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2019 Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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, 2019 was \$85,569; the full amount has been contributed for 2019.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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 OPF may retire and receive a lifetime monthly pension. OPF 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 OPF CAFR 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 OPF 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

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
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thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police
2019 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2019 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, 2019 was \$68,610; the full amount has been contributed for 2019.

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, 2019.

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

Village of LaGrange, Ohio
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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 twenty 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' CAFR 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 2019, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2019, and was 1.0 percent during calendar year 2019. 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 2019 was 4.0 percent.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF 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 OPF 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.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

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 2019, 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 OPF 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, 2019, was as follows:

	Balance at			Balance at	Due in
<u>Government Activities:</u>	<u>1/1/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2019</u>	<u>1 year</u>
OPWC Loans	132,874	56,428	13,916	175,386	6,200
County Engineer Loan	70,955		35,477	35,478	35,478
<u>Business Type Activities</u>					
OWDA - 2006 Expansion	381,514		62,404	319,110	126,215

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Lorain County Engineer Loan was for engineering expenses for the State Route 301 project. The total cooperative agreement was for \$325,000 with annual payments of \$32,500 which began in 2008. In 2017, \$76,911 was added to the loan for additional easement costs. The loan is collateralized by the Village's taxing authority.

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 a sewer water plant expansion 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</u>	<u>OWDA Loans</u>		<u>Engineer Loan</u>
	<u>Loans</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
Year Ending December 31:				
2020	7,600	126,215	4,315	35,478
2021	13,644	128,116	2,415	
2022	12,088	64,779	486	
2023	12,088			
2014	12,088			
2025-2037	117,878			

Note 11 – Interfund Transfers

During 2019, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>Major Funds</u>			
	<u>General</u>	<u>Major Special Revenue Fund</u>	<u>Other Nonmajor Governmental</u>	
Other Nonmajor Governmental Funds	\$50,000	\$0	\$0	\$50,000

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
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 – Contingent Liabilities

The Village is not aware of any pending lawsuits. Although management cannot presently determine the outcome of any suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

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 – Joint Ventures

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 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.

The actions of the joint ventures have not been included in these financial statements.

Note 14 – Jointly Governed Organizations

As previously 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 16 – 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.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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, 2018, 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 2018 are as follows:

Net position of governmental activities increased \$64,500 or approximately 5% 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 fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 17 and 74 percent of the total cash received for governmental activities during the year. Property and other local tax receipts increased from 2017 by \$9,873 and income tax receipts increased from 2017 by \$140,252.

The water distribution operation and the sanitary sewer processing operation, business type activities, saw a decrease in net position by (\$212,202) due to an increase in housing development.

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, 2018

Reporting the Village as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2018, 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 one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one 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 two 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 three 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 spend for the intended purpose. The funds of the Village are split into three 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, the income tax 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 is reported as an enterprise fund. The village has three major enterprise funds: the water fund, sewer fund and storm sewer fund.

Village of LaGrange, Ohio
Lorain County
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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 agency 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 2018 compared to 2017 on a cash basis:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Assets:						
Cash & Investments	<u>1,357,359</u>	<u>1,292,859</u>	<u>1,589,034</u>	<u>1,801,236</u>	<u>2,946,393</u>	<u>3,094,095</u>
Total Assets	<u><u>1,357,359</u></u>	<u><u>1,292,859</u></u>	<u><u>1,589,034</u></u>	<u><u>1,801,236</u></u>	<u><u>2,946,393</u></u>	<u><u>3,094,095</u></u>
Net Position:						
Restricted for:						
Other Purposes	542,466	510,196			542,466	510,196
Unrestricted	<u>814,893</u>	<u>782,663</u>	<u>1,589,034</u>	<u>1,801,236</u>	<u>2,403,927</u>	<u>2,583,899</u>
Total Net Position	<u><u>1,357,359</u></u>	<u><u>1,292,859</u></u>	<u><u>1,589,034</u></u>	<u><u>1,801,236</u></u>	<u><u>2,946,393</u></u>	<u><u>3,094,095</u></u>

As previously mentioned, net position of governmental activities and business-type activities decreased during 2018.

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

- Income tax increased \$140,252 as a result of improving economic factors affecting withholding and net profits from local businesses; and
- Net position of business-type activities decreased \$212,202 due in part to decrease collections in the water and sewer funds from a decrease in housing development.

Table 2 reflects the changes in net position on a cash basis for 2018 and 2017 for governmental activities and business-type activities:

Village of LaGrange, Ohio
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Management's Discussion and Analysis
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	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 300,591	\$ 276,062	\$ 1,316,336	\$ 1,314,723	\$ 1,616,927	\$ 1,590,785
Operating and Capital Grants and Contributions	143,819	134,169			143,819	134,169
General Receipts:						
Property and Other Taxes	263,794	253,921			263,794	253,921
Municipal Income Tax	1,122,134	981,882			1,122,134	981,882
Fines, Licenses and Permits	6,281	6,036			6,281	6,036
Intergovernmental	32,514	32,912			32,514	32,912
Interest	54,081	22,149			54,081	22,149
Miscellaneous	27,562	15,763	492	82,377	28,054	98,140
Sale of Capital Asset						
Total Receipts	1,950,776	1,722,894	1,316,828	1,397,100	3,267,604	3,119,994
Disbursements:						
Current:						
General Government	734,935	603,859			734,935	603,859
Security of Persons and Property	679,874	631,974			679,874	631,974
Public Health Services	7,181	6,996			7,181	6,996
Leisure Time Activities	65,311	68,012			65,311	68,012
Community Environment	47,614	21,442			47,614	21,442
Basic Utility Service	152,722	156,625			152,722	156,625
Transportation	133,961	35,554			133,961	35,554
Debt Service:						
Principal Retirement	41,793	46,788	123,418	131,597	165,211	178,385
Interest and Fiscal Charges			7,113	8,944	7,113	8,944
Enterprise - Water, Sewer and Storm Sewer			1,021,612	875,114	1,021,612	875,114
Capital Outlay	12,885	158,410	376,887	319,887	389,772	478,297
Other	10,000				10,000	-
Total Disbursements	1,886,276	1,729,660	1,529,030	1,335,542	3,415,306	3,065,202
Changes in Net Position	64,500	(6,766)	(212,202)	61,558	(147,702)	54,792

Village of LaGrange, Ohio
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Management's Discussion and Analysis
For the Year Ended December 31, 2018

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 36 and 39 percent of all governmental disbursements (excluding transfers), respectively. Basic utilities also represent a significant cost of about 8 percent. The next two 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 73 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 2018 contributed to disbursements for principal and interest. The net position of the sewer fund decreased by \$97,879, the water fund net position decreased by \$131,456, the storm sewer utility fund increased \$17,078, and other enterprise fund net position decreased \$185 over 2017.

The Village Funds

Total governmental funds had receipts of \$1,950,334 and disbursements of \$1,875,834. 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 \$32,230 in part due to increased tax collections and the increase in housing development.

Village of LaGrange, Ohio
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Management's Discussion and Analysis
For the Year Ended December 31, 2018

During 2018, the Village amended its general fund budget a couple of times to reflect changing circumstances.

Final disbursements, excluding transfers, were budgeted at \$1,615,762; while actual disbursements were \$1,428,739 (including encumbrances).

Debt Administration

At December 31, 2018, the Village's outstanding principal debt is \$585,343. For further information regarding the Village's debt, refer to Note 10 of the basic financial statements.

<i>Outstanding Debt</i>	2018	2017
OPWC Loans	132,874	139,189
OWDA Loans	381,514	504,932
Engineering Agreement	70,955	106,433
	585,343	750,554

Current Issues

The challenges for all Villages is 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 St., LaGrange, OH 44050.

Villag of LaGrange
Lorain County
Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,357,359	\$1,589,034	\$2,946,393
<i>Total Assets</i>	<u>\$1,357,359</u>	<u>\$1,589,034</u>	<u>\$2,946,393</u>
Net Position			
Restricted for:			
Debt Service	8,207		8,207
Other Purposes	534,259		534,259
Unrestricted	814,893	1,589,034	2,403,927
<i>Total Net Position</i>	<u>\$1,357,359</u>	<u>\$1,589,034</u>	<u>\$2,946,393</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, 2018

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$679,874			
Public Health Services	7,181			
Leisure Time Activities	65,311			
Community Environment	47,614	\$48,651		\$6,878
Basic Utility Services	152,722	188,706		
Transportation	133,961		\$134,001	
General Government	734,935	63,234	2,940	
Capital Outlay	12,885			
Debt Service:				
Principal Retirement	41,793			
Other	10,000			
<i>Total Governmental Activities</i>	<u>1,886,276</u>	<u>300,591</u>	<u>136,941</u>	<u>6,878</u>
Business-Type Activities				
Water	694,455	562,999		
Sewer	750,106	651,975		
Storm Sewer Utility	78,235	95,313		
Enterprise Deposit Fund	6,234	6,049		
<i>Total Business-Type Activities</i>	<u>1,529,030</u>	<u>1,316,336</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$3,415,306</u>	<u>\$1,616,927</u>	<u>\$136,941</u>	<u>\$6,878</u>

General Receipts:

Property Taxes Levied for:

General Purposes

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Cable Franchise Fees

Earnings on Investments

Miscellaneous

Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$679,874)	\$0	(\$679,874)
(7,181)	0	(7,181)
(65,311)	0	(65,311)
7,915	0	7,915
35,984	0	35,984
40	0	40
(668,761)	0	(668,761)
(12,885)	0	(12,885)
(41,793)	0	(41,793)
(10,000)	0	(10,000)
<u>(1,441,866)</u>	<u>0</u>	<u>(1,441,866)</u>
	(131,456)	(131,456)
	(98,131)	(98,131)
	17,078	17,078
	(185)	(185)
<u>0</u>	<u>(212,694)</u>	<u>(212,694)</u>
<u>(1,441,866)</u>	<u>(212,694)</u>	<u>(1,654,560)</u>
263,794		263,794
1,122,134		1,122,134
32,514		32,514
6,281		6,281
54,081		54,081
27,562	492	28,054
<u>1,506,366</u>	<u>492</u>	<u>1,506,858</u>
64,500	(212,202)	(147,702)
<u>1,292,859</u>	<u>1,801,236</u>	<u>3,094,095</u>
<u>\$1,357,359</u>	<u>\$1,589,034</u>	<u>\$2,946,393</u>

Village of LaGrange
Lorain County
Statement of Assets and Fund Balances
Governmental Funds
December 31, 2018

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$814,893	\$114,751	\$196,548	\$231,167	\$1,357,359
<i>Total Assets</i>	<u>\$814,893</u>	<u>\$114,751</u>	<u>\$196,548</u>	<u>\$231,167</u>	<u>\$1,357,359</u>
Fund Balances					
Restricted		114,751	196,548	225,074	536,373
Committed				6,093	6,093
Assigned	211,285				211,285
Unassigned (Deficit)	603,608				603,608
<i>Total Fund Balances</i>	<u>\$814,893</u>	<u>114,751</u>	<u>\$196,548</u>	<u>\$231,167</u>	<u>\$1,357,359</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, 2018

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$750,081		\$372,053		\$1,122,134
Property Taxes	234,589				234,589
Intergovernmental	68,597	\$111,182		25,759	205,538
Charges for Services	227,816				227,816
Fines, Licenses and Permits	78,096			960	79,056
Earnings on Investments	49,994	2,242		1,845	54,081
Miscellaneous	27,120				27,120
<i>Total Receipts</i>	<u>1,436,293</u>	<u>113,424</u>	<u>372,053</u>	<u>28,564</u>	<u>1,950,334</u>
Disbursements					
Current:					
Security of Persons and Property	336,742		339,128	4,004	679,874
Public Health Services	7,181				7,181
Leisure Time Activities	65,311				65,311
Community Environment	47,614				47,614
Basic Utility Services	152,722				152,722
Transportation		133,961			133,961
General Government	734,493				734,493
Capital Outlay		12,885			12,885
Debt Service:					
Principal Retirement				41,793	41,793
<i>Total Disbursements</i>	<u>1,344,063</u>	<u>146,846</u>	<u>339,128</u>	<u>45,797</u>	<u>1,875,834</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>92,230</u>	<u>(33,422)</u>	<u>32,925</u>	<u>(17,233)</u>	<u>74,500</u>
Other Financing Sources (Uses)					
Transfers In				50,000	50,000
Transfers Out	(50,000)				(50,000)
Other Financing Uses	(10,000)				(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(60,000)</u>		<u>0</u>	<u>50,000</u>	<u>(10,000)</u>
<i>Net Change in Fund Balances</i>	32,230	(33,422)	32,925	32,767	64,500
<i>Fund Balances Beginning of Year</i>	<u>782,663</u>	<u>148,173</u>	<u>163,623</u>	<u>198,400</u>	<u>1,292,859</u>
<i>Fund Balances End of Year</i>	<u>\$814,893</u>	<u>\$114,751</u>	<u>\$196,548</u>	<u>\$231,167</u>	<u>\$1,357,359</u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$601,316	\$853,114	\$134,604	\$1,454,430
<i>Total Assets</i>	<u>\$601,316</u>	<u>\$853,114</u>	<u>134,604</u>	<u>\$1,454,430</u>
Net Position				
Unrestricted	\$601,316	\$853,114	\$134,604	1,589,034
<i>Total Net Position</i>	<u>\$601,316</u>	<u>\$853,114</u>	<u>134,604</u>	<u>\$1,589,034</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, 2018

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$562,999	\$651,975	\$101,362	\$1,316,336
<i>Total Operating Receipts</i>	<u>\$562,999</u>	<u>\$651,975</u>	<u>\$101,362</u>	<u>\$1,316,336</u>
Operating Disbursements				
Personal Services	\$73,164	\$119,471		\$192,635
Employee Fringe Benefits	\$50,993	\$50,399		\$101,392
Contractual Services	\$469,511	\$188,631	\$3,771	\$661,913
Supplies and Materials	\$15,000	\$43,160	\$1,278	\$59,438
Other			\$6,234	\$6,234
<i>Total Operating Disbursements</i>	<u>\$608,668</u>	<u>\$401,661</u>	<u>\$11,283</u>	<u>\$1,021,612</u>
<i>Operating Income (Loss)</i>	<u>(\$45,669)</u>	<u>\$250,314</u>	<u>\$90,079</u>	<u>\$294,724</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts		252		252
Capital Outlay	(85,787)	(217,914)	(72,946)	(376,647)
Principal Retirement		(123,418)		(123,418)
Interest and Other Fiscal Charges		(7,113)		(7,113)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(85,787)</u>	<u>(348,193)</u>	<u>(72,946)</u>	<u>(506,926)</u>
<i>Change in Net Position</i>	(131,456)	(97,879)	17,133	(212,202)
<i>Net Position Beginning of Year</i>	<u>732,772</u>	<u>950,993</u>	<u>117,471</u>	<u>1,801,236</u>
<i>Net Position End of Year</i>	<u><u>\$601,316</u></u>	<u><u>\$853,114</u></u>	<u><u>\$134,604</u></u>	<u><u>\$1,589,034</u></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, 2018

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other Enterprise Funds	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$562,999	\$651,975	\$101,362	\$1,316,336
Cash Payments to Employees for Services	(73,164)	(119,471)		(192,635)
Cash Payments for Employee Benefits	(50,993)	(50,399)		(101,392)
Cash Payments for Goods and Services	(484,511)	(231,791)	(5,049)	(721,351)
Other Cash Payments			(6,234)	(6,234)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(45,669)</u>	<u>250,314</u>	<u>90,079</u>	<u>294,724</u>
Cash Flows from Noncapital Financing Activities				
Other Cash Receipts		252		252
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>0</u>	<u>252</u>	<u>0</u>	<u>252</u>
Cash Flows from Capital and Related Financing Activities				
Principal paid on debt		(123,418)		(123,418)
Interest Paid on Debt		(7,113)		(7,113)
Payment for Capital Acquisitions	(85,787)	(217,914)	(72,946)	(376,647)
<i>Net Cash (Used in) Capital and Related Financing Activities</i>	<u>(85,787)</u>	<u>(348,445)</u>	<u>(72,946)</u>	<u>(507,178)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(131,456)	(97,879)	17,133	(212,202)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>732,772</u>	<u>950,993</u>	<u>117,471</u>	<u>1,801,236</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$601,316</u></u>	<u><u>\$853,114</u></u>	<u><u>\$134,604</u></u>	<u><u>\$1,589,034</u></u>

See accompanying notes to the basic financial statements

Village of LaGrange
Lorain County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Agency
	Other Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	\$45,857
<i>Total Assets</i>	\$45,857
Net Position	
Held on behalf of Mayor's Court	\$5,942
Held on behalf of Performance Bonds	37,830
Held on behalf of Permits	217
Held on behalf of Unclaimed Monies	1,868
<i>Total Net Position</i>	\$45,857

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$637,399	\$637,400	\$750,081	\$112,681
Property Taxes	259,541	259,541	234,589	(24,952)
Intergovernmental	59,970	59,970	68,597	8,627
Charges for Services	225,000	225,000	227,816	2,816
Fines, Licenses and Permits	43,800	80,800	78,096	(2,704)
Earnings on Investments	10,000	40,000	49,994	9,994
Miscellaneous	3,000	25,000	27,120	2,120
<i>Total Receipts</i>	1,238,710	1,327,711	1,436,293	108,582
Disbursements				
Current:				
Security of Persons and Property	309,509	429,769	369,256	60,513
Public Health Services	9,000	9,000	7,181	1,819
Leisure Time Activities	66,000	101,000	65,727	35,273
Community Environment	52,300	52,380	50,540	1,840
Basic Utility Services	160,000	160,000	153,223	6,777
General Government	667,625	856,163	782,812	73,351
Capital Outlay	10,000	7,450	0	7,450
<i>Total Disbursements</i>	1,274,434	1,615,762	1,428,739	187,023
<i>Excess of Receipts Over (Under) Disbursements</i>	(35,724)	(288,051)	7,554	295,605
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	(50,000)	0
Other Financing Sources		(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	(50,000)	(60,000)	(60,000)	0
<i>Net Change in Fund Balance</i>	(85,724)	(348,051)	(52,446)	295,605
<i>Fund Balance Beginning of Year</i>	740,870	740,870	740,870	0
Prior Year Encumbrances Appropriated	41,793	41,793	41,793	0
<i>Fund Balance End of Year</i>	\$696,939	\$434,612	\$730,217	\$295,605

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$320,000	\$320,000	\$372,053	\$52,053
<i>Total Receipts</i>	<u>320,000</u>	<u>320,000</u>	<u>372,053</u>	<u>52,053</u>
Disbursements				
Current:				
Security of Persons and Property	350,203	356,388	351,489	4,899
<i>Total Disbursements</i>	<u>350,203</u>	<u>356,388</u>	<u>351,489</u>	<u>4,899</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,203)</u>	<u>(36,388)</u>	<u>20,564</u>	<u>56,952</u>
<i>Net Change in Fund Balance</i>	(30,203)	(36,388)	20,564	56,952
<i>Fund Balance Beginning of Year</i>	160,472	160,472	160,472	0
Prior Year Encumbrances Appropriated	<u>3,151</u>	<u>3,151</u>	<u>3,151</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$133,420</u></u>	<u><u>\$127,235</u></u>	<u><u>\$184,187</u></u>	<u><u>\$56,952</u></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
Street Construction Maint. & Repair
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$109,000	\$109,000	\$111,182	\$2,182
Earnings on Investments	700	700	2,242	1,542
<i>Total Receipts</i>	<u>109,700</u>	<u>109,700</u>	<u>113,424</u>	<u>3,724</u>
Disbursements				
Current:				
Transportation	122,370	145,370	138,633	6,737
Capital Outlay	12,884	12,884	12,884	0
<i>Total Disbursements</i>	<u>135,254</u>	<u>158,254</u>	<u>151,517</u>	<u>6,737</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,554)</u>	<u>(48,554)</u>	<u>(38,093)</u>	<u>10,461</u>
<i>Net Change in Fund Balance</i>	(25,554)	(48,554)	(38,093)	10,461
<i>Unencumbered Fund Balance Beginning of Year</i>	111,092	111,092	111,092	0
Prior Year Encumbrances Appropriated	37,080	37,080	37,080	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$122,618</u>	<u>\$99,618</u>	<u>\$110,079</u>	<u>\$10,461</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, 2018

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 are joint ventures in the operation of the Lagrange Community Park and Business Park. Further information regarding this joint venture 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 14.

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, 2018

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, the income tax 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 income tax fund receives income tax revenues from residents and persons who work in the Village. 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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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 agency funds. Trust funds are used to account for positions 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. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency 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 agency 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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 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 2018, 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, 2018.

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 2018 was \$49,994 which includes \$1,069 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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 represents 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 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:

	General	Street Const. Maint. Rep.	Income Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$814,893	\$114,751	\$196,548	\$231,167	\$1,357,359
<i>Total Assets</i>	<u>\$814,893</u>	<u>\$114,751</u>	<u>\$196,548</u>	<u>\$231,167</u>	<u>\$1,357,359</u>
Fund Balances					
Restricted		114,751	196,548	225,074	536,373
Committed				6,093	6,093
Assigned	211,285				211,285
Unassigned (Deficit)	603,608				603,608
<i>Total Fund Balances</i>	<u>\$814,893</u>	<u>114,751</u>	<u>\$196,548</u>	<u>\$231,167</u>	<u>\$1,357,359</u>

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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, income tax fund and street construction 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).

		Income Tax	Street Const. Maint. Rep
Cash Basis	\$32,230	(\$33,422)	\$32,925
Encumbrances	(\$84,676)	\$53,986	(\$71,018)
Budget Basis	(\$52,446)	\$20,564	(\$38,093)

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 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 one 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

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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 thirty 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, 2018, the carrying amount of the Village's Deposits was \$126,783 of the Village's bank balance of \$308,374. 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 one hundred five 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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Investments

As of December 31, 2018, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$537,153	
STAR Ohio Plus	2,068,764	
Farmers	259,549	08/19/18
	\$2,865,466	
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 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 .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 2018 for real and public utility property taxes represents collections of 2017 taxes.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

2018 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, 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 December 31, with the remainder payable by June 20. 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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2018, was \$5.3 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$50,503,910
Public Utility Personal Property	<u>1,743,260</u>
Total	<u><u>\$52,247,170</u></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 2018, 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
- Error's 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.

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR 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, 2018

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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	Formula: 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 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: 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 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: 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: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	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	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

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:

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	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	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, 2018 was \$70,365; the full amount has been contributed for 2018.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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 OPF may retire and receive a lifetime monthly pension. OPF 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 OPF CAFR 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55

Village of LaGrange, Ohio
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	<u>Police</u>
2018 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2018 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, 2018 was \$59,203; the full amount has been contributed for 2018.

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, 2018.

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.

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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 twenty 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' CAFR 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 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 19.0 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2018, and was 1.0 percent during calendar year 2018. 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 2018 was 4.0 percent.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

Village of LaGrange, Ohio
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OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF 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 OPF 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.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

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 2018, 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 OPF 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, 2018, was as follows:

<u>Government Activities:</u>	Balance at			Balance at	Due in
	<u>1/1/2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2018</u>	<u>1 year</u>
OPWC Loans	139,189		6,315	132,874	13,915
County Engineer Loan	106,433		35,478	70,955	35,478

Village of LaGrange, Ohio
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Business Type Activities

OWDA - 2006 Expansion	504,932	123,418	381,514	62,404
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The Lorain County Engineer Loan was for engineering expenses for the State Route 301 project. The total cooperative agreement was for \$325,000 with annual payments of \$32,500 which began in 2008. In 2017, \$76,911 was added to the loan for additional easement costs. The loan is collateralized by the Village's taxing authority.

The Ohio Water Development Authority (OWDA) loans relate to a sewer water plant expansion 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</u>	<u>OWDA Loans</u>		<u>Engineer Loan</u>
	<u>Loans</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
Year Ending December 31:				
2019	11,564	62,404	3,861	35,477
2020	5,249	126,215	4,315	35,478
2021	8,941	128,116	2,415	
2022	7,386	64,779	486	
2023	7,386			
2024-2037	92,348			
Totals	132,874	381,514	11,077	70,955

Note 11 – Interfund Transfers

During 2018, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Major Special Revenue Fund	Other Nonmajor Governmental	
Other Nonmajor Governmental Funds	\$50,000	\$0	\$0	\$50,000

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, 2018

Note 12 – Contingent Liabilities

The Village is not aware of any pending lawsuits. Although management cannot presently determine the outcome of any suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

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 – Joint Ventures

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 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.

The actions of the joint ventures have not been included in these financial statements.

Note 14 – Jointly Governed Organizations

As previously 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 15 – Subsequent Events

None

OHIO AUDITOR OF STATE KEITH FABER



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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 and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2019 and 2018, 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 28, 2021, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 28, 2021

**VILLAGE OF LAGRANGE
LORAIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

NONCOMPLIANCE AND 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, 2018, Assigned fund balance of \$211,285 in the General Fund was improperly classified as Unassigned fund balance;
- In 2019, General Fund Property Tax receipts of \$59,319 were improperly posted as Income Tax receipts in the Income Tax Fund;
- In 2019, OPWC loan proceeds and capital disbursements of \$56,428 were not recorded in the Capital Projects fund.

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

- The 2019 and 2018 budgeted receipts and disbursements totals reported in the budgetary statement did not agree to the accounting system or approved budgetary documents;
- The 2019 and 2018 debt footnotes did not agree to the accounting system and debt requirements schedule;
- In general, the 2019 and 2018 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 for 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:

The Village has not responded to this finding.

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 5/18/2021

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