

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
TOWN OF LAGRANGE
LAGRANGE COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/26/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michael Rowlison	01-01-04 to 12-31-07
President of the Town Council	Terry Helmer	01-01-05 to 12-31-07
Superintendent of Water Utility	John Leu	01-01-05 to 12-31-07
Superintendent of Wastewater Utility	Matt Hosier	01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF LAGRANGE, LAGRANGE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of LaGrange (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 27, 2007, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 27, 2007



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF LAGRANGE, LAGRANGE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of LaGrange (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the Town's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 27, 2007

TOWN OF LAGRANGE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 855,168	\$ 59,871	\$ -	\$ (795,297)	\$ -	\$ (795,297)
Public safety	546,028	31,671	55,755	(458,602)	-	(458,602)
Highways and streets	331,419	1,095	-	(330,324)	-	(330,324)
Culture and recreation	11,168	1,455	-	(9,713)	-	(9,713)
Interest on long-term debt	57,611	-	-	(57,611)	-	(57,611)
Total governmental activities	1,801,394	94,092	55,755	(1,651,547)	-	(1,651,547)
Business-type activities:						
Water	1,114,569	489,570	-	-	(624,999)	(624,999)
Wastewater	591,963	594,853	-	-	2,890	2,890
Total business-type activities	1,706,532	1,084,423	-	-	(622,109)	(622,109)
Total primary government	\$ 3,507,926	\$ 1,178,515	\$ 55,755	(1,651,547)	(622,109)	(2,273,656)
General receipts:						
Property taxes				1,667,947	-	1,667,947
Other state sources				674,446	-	674,446
Other local sources				76,145	-	76,145
Grants					282,969	282,969
Unrestricted investment earnings				46,316	25,552	71,868
Total general receipts				2,464,854	308,521	2,773,375
Change in net assets				813,307	(313,588)	499,719
Net assets - beginning				1,542,125	976,925	2,519,050
Net assets - ending				\$ 2,355,432	\$ 663,337	\$ 3,018,769
Assets						
Cash and investments				\$ 591,733	\$ 952	\$ 592,685
Restricted assets:						
Cash and investments				1,763,699	662,385	2,426,084
Total assets				\$ 2,355,432	\$ 663,337	\$ 3,018,769
Net Assets						
Restricted for:						
Culture and recreation				\$ 69,317	\$ -	\$ 69,317
Debt service				-	92,613	92,613
Other purposes				1,694,382	569,772	2,264,154
Unrestricted				591,733	952	592,685
Total net assets				\$ 2,355,432	\$ 663,337	\$ 3,018,769

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

TOWN OF LAGRANGE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Highways and Streets	Cemetery	Tax Incremental Financing	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 773,431	\$ 385,670	\$ 34,859	\$ 359,079	\$ 114,908	\$ 1,667,947
Licenses and permits	-	25	-	-	-	25
Intergovernmental	249,658	128,129	134,920	3,497	158,242	674,446
Charges for services	34,326	1,095	39,395	-	75,031	149,847
Fines and forfeits	8,370	-	-	-	5,302	13,672
Other	59,861	13,692	3,074	11,006	21,131	108,764
Total receipts	1,125,646	528,611	212,248	373,582	374,614	2,614,701
Disbursements:						
General government	348,869	-	239,755	-	189,764	778,388
Public safety	449,535	-	-	-	96,493	546,028
Highways and streets	-	296,639	-	-	4,780	301,419
Culture and recreation	-	-	-	-	11,168	11,168
Debt service:						
Principal	-	-	-	-	106,780	106,780
Interest	-	-	-	-	57,611	57,611
Total disbursements	798,404	296,639	239,755	-	466,596	1,801,394
Excess (deficiency) of receipts over disbursements	327,242	231,972	(27,507)	373,582	(91,982)	813,307
Other financing sources (uses):						
Interfund loans	-	(100,000)	-	-	100,000	-
Transfers in	-	-	-	-	3,300	3,300
Transfers out	-	-	-	-	(3,300)	(3,300)
Total other financing sources (uses)	-	(100,000)	-	-	100,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	327,242	131,972	(27,507)	373,582	8,018	813,307
Cash and investment fund balance - beginning	191,425	227,824	146,668	197,059	779,149	1,542,125
Cash and investment fund balance - ending	\$ 518,667	\$ 359,796	\$ 119,161	\$ 570,641	\$ 787,167	\$ 2,355,432
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 518,667	\$ -	\$ -	\$ -	\$ 73,066	\$ 591,733
Restricted assets:						
Cash and investments	-	359,796	119,161	570,641	714,101	1,763,699
Total cash and investment assets - December 31	\$ 518,667	\$ 359,796	\$ 119,161	\$ 570,641	\$ 787,167	\$ 2,355,432
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 69,317	\$ 69,317
Other purposes	-	359,796	119,161	570,641	644,784	1,694,382
Unrestricted	518,667	-	-	-	73,066	591,733
Total cash and investment fund balance - December 31	\$ 518,667	\$ 359,796	\$ 119,161	\$ 570,641	\$ 787,167	\$ 2,355,432

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

TOWN OF LAGRANGE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Unmetered water receipts	\$ 15,532	\$ -	\$ 15,532
Metered water receipts:			
Residential	287,431	533,962	821,393
Other	17,904	54,341	72,245
Fire protection receipts	162,134	-	162,134
Other	<u>6,569</u>	<u>6,550</u>	<u>13,119</u>
 Total operating receipts	 <u>489,570</u>	 <u>594,853</u>	 <u>1,084,423</u>
Operating disbursements:			
Equipment and capital improvements	612,285	27,841	640,126
Salaries and wages	109,269	100,014	209,283
Employee pensions and benefits	82,520	86,721	169,241
Purchased power	43,333	67,774	111,107
Chemicals	11,551	17,660	29,211
Material and supplies	35,976	25,933	61,909
Contractual services	18,780	106,105	124,885
Transportation disbursements	5,492	3,657	9,149
Insurance disbursements	6,658	13,203	19,861
Miscellaneous disbursements	<u>31,087</u>	<u>10,458</u>	<u>41,545</u>
 Total operating disbursements	 <u>956,951</u>	 <u>459,366</u>	 <u>1,416,317</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>(467,381)</u>	 <u>135,487</u>	 <u>(331,894)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	22,978	2,574	25,552
Miscellaneous receipts	282,969	-	282,969
Debt service of principal	(70,000)	(5,000)	(75,000)
Interest and investment disbursement	(81,515)	(122,140)	(203,655)
Miscellaneous disbursements	<u>(6,103)</u>	<u>(5,457)</u>	<u>(11,560)</u>
 Total nonoperating receipts (disbursements)	 <u>148,329</u>	 <u>(130,023)</u>	 <u>18,306</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(319,052)</u>	 <u>5,464</u>	 <u>(313,588)</u>
 Cash and investment fund balance - beginning	 <u>844,280</u>	 <u>132,645</u>	 <u>976,925</u>
 Cash and investment fund balance - ending	 <u>\$ 525,228</u>	 <u>\$ 138,109</u>	 <u>\$ 663,337</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 794	\$ 158	\$ 952
Restricted assets:			
Cash and investments	<u>524,434</u>	<u>137,951</u>	<u>662,385</u>
 Total cash and investment assets - December 31	 <u>\$ 525,228</u>	 <u>\$ 138,109</u>	 <u>\$ 663,337</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 17,254	\$ 75,359	\$ 92,613
Other purposes	507,180	62,592	569,772
Unrestricted	<u>794</u>	<u>158</u>	<u>952</u>
 Total cash and investment fund balance - December 31	 <u>\$ 525,228</u>	 <u>\$ 138,109</u>	 <u>\$ 663,337</u>

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

TOWN OF LAGRANGE
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2005

	Agency Funds
Additions:	
Agency fund additions	\$ 866,679
Deductions:	
Agency fund deductions	863,490
Excess of total additions over total deductions	3,189
Cash and investment fund balance - beginning	1,168
Cash and investment fund balance - ending	\$ 4,357

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

TOWN OF LAGRANGE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts		Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary government:					
Governmental activities:					
General government	\$ 841,645	\$ 50,849	\$ (790,796)	\$ -	\$ (790,796)
Public safety	707,454	33,431	(674,023)	-	(674,023)
Highways and streets	814,999	1,020	(813,979)	-	(813,979)
Culture and recreation	95,386	576	(94,810)	-	(94,810)
Interest on long-term debt	53,641	-	(53,641)	-	(53,641)
Total governmental activities	<u>2,513,125</u>	<u>85,876</u>	<u>(2,427,249)</u>	<u>-</u>	<u>(2,427,249)</u>
Business-type activities:					
Water	1,003,173	520,599	-	(482,574)	(482,574)
Wastewater	697,761	684,517	-	(13,244)	(13,244)
Total business-type activities	<u>1,700,934</u>	<u>1,205,116</u>	<u>-</u>	<u>(495,818)</u>	<u>(495,818)</u>
Total primary government	<u>\$ 4,214,059</u>	<u>\$ 1,290,992</u>	<u>(2,427,249)</u>	<u>(495,818)</u>	<u>(2,923,067)</u>
General receipts:					
Property taxes			997,999	-	997,999
Other state sources			2,313,757	-	2,313,757
Other local sources			307,323	-	307,323
Grants				242,030	242,030
Unrestricted investment earnings			123,922	20,711	144,633
Total general receipts			<u>3,743,001</u>	<u>262,741</u>	<u>4,005,742</u>
Change in net assets			1,315,752	(233,077)	1,082,675
Net assets - beginning			<u>2,355,432</u>	<u>663,337</u>	<u>3,018,769</u>
Net assets - ending			<u>\$ 3,671,184</u>	<u>\$ 430,260</u>	<u>\$ 4,101,444</u>
Assets					
Cash and investments			\$ 432,229	\$ 2,839	\$ 435,068
Restricted assets:					
Cash and investments			<u>3,238,955</u>	<u>427,421</u>	<u>3,666,376</u>
Total assets			<u>\$ 3,671,184</u>	<u>\$ 430,260</u>	<u>\$ 4,101,444</u>
Net Assets					
Restricted for:					
Culture and recreation			\$ 184,099	\$ -	\$ 184,099
Debt service			-	27,523	27,523
Other purposes			3,054,856	399,898	3,454,754
Unrestricted			<u>432,229</u>	<u>2,839</u>	<u>435,068</u>
Total net assets			<u>\$ 3,671,184</u>	<u>\$ 430,260</u>	<u>\$ 4,101,444</u>

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

TOWN OF LAGRANGE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Highways and Streets	Cemetery	Tax Incremental Financing	Major Moves	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 402,890	\$ 201,493	\$ 209,815	\$ 88,580	\$ -	\$ 95,221	\$ 997,999
Intergovernmental	465,672	145,788	20,552	-	1,494,916	186,829	2,313,757
Charges for services	35,496	1,020	29,353	-	-	20,007	85,876
Fines and forfeits	15,622	-	-	-	-	-	15,622
Other	80,660	12,383	5,655	39,477	20,722	256,726	415,623
Total receipts	1,000,340	360,684	265,375	128,057	1,515,638	558,783	3,828,877
Disbursements:							
General government	423,593	-	190,777	-	-	227,275	841,645
Public safety	698,802	-	-	-	-	8,652	707,454
Highways and streets	-	460,485	-	-	-	63,165	523,650
Culture and recreation	-	-	-	-	-	95,386	95,386
Debt service:							
Principal	-	-	-	-	-	109,100	109,100
Interest	-	-	-	-	-	53,641	53,641
Capital outlay:							
Highways and streets	-	-	-	24,250	-	157,999	182,249
Total disbursements	1,122,395	460,485	190,777	24,250	-	715,218	2,513,125
Excess (deficiency) of receipts over disbursements	(122,055)	(99,801)	74,598	103,807	1,515,638	(156,435)	1,315,752
Other financing sources (uses):							
Transfers in	-	-	-	-	-	49,085	49,085
Transfers out	-	-	-	-	-	(49,085)	(49,085)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(122,055)	(99,801)	74,598	103,807	1,515,638	(156,435)	1,315,752
Cash and investment fund balance - beginning	518,667	359,796	119,161	570,641	-	787,167	2,355,432
Cash and investment fund balance - ending	\$ 396,612	\$ 259,995	\$ 193,759	\$ 674,448	\$ 1,515,638	\$ 630,732	\$ 3,671,184
Cash and Investment Assets - December 31							
Cash and investments	\$ 396,612	\$ -	\$ -	\$ -	\$ -	\$ 35,617	\$ 432,229
Restricted assets:							
Cash and investments	-	259,995	193,759	674,448	1,515,638	595,115	3,238,955
Total cash and investment assets - December 31	\$ 396,612	\$ 259,995	\$ 193,759	\$ 674,448	\$ 1,515,638	\$ 630,732	\$ 3,671,184
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,099	\$ 184,099
Other purposes	-	259,995	193,759	674,448	1,515,638	411,016	3,054,856
Unrestricted	396,612	-	-	-	-	35,617	432,229
Total cash and investment fund balance - December 31	\$ 396,612	\$ 259,995	\$ 193,759	\$ 674,448	\$ 1,515,638	\$ 630,732	\$ 3,671,184

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

TOWN OF LAGRANGE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 284,782	\$ 520,999	\$ 805,781
Other	48,886	12,958	61,844
Fire protection receipts	179,006	-	179,006
Flat rate receipts	-	131,000	131,000
Other	7,925	19,560	27,485
	<u>520,599</u>	<u>684,517</u>	<u>1,205,116</u>
Total operating receipts			
Operating disbursements:			
Equipment and capital improvements	438,680	-	438,680
Salaries and wages	110,607	102,259	212,866
Employee pensions and benefits	90,228	86,601	176,829
Purchased power	43,934	77,718	121,652
Chemicals	9,935	20,557	30,492
Material and supplies	26,280	21,268	47,548
Contractual services	33,039	121,813	154,852
Rents	492	167	659
Transportation disbursements	5,128	1,274	6,402
Insurance disbursements	5,961	10,575	16,536
Miscellaneous disbursements	84,987	70,872	155,859
	<u>849,271</u>	<u>513,104</u>	<u>1,362,375</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>(328,672)</u>	<u>171,413</u>	<u>(157,259)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	16,472	4,239	20,711
Miscellaneous receipts	242,030	-	242,030
Debt service of principal	(70,000)	(60,000)	(130,000)
Interest and investment disbursement	(78,540)	(124,657)	(203,197)
Miscellaneous disbursements	(5,362)	-	(5,362)
	<u>104,600</u>	<u>(180,418)</u>	<u>(75,818)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	<u>(224,072)</u>	<u>(9,005)</u>	<u>(233,077)</u>
Cash and investment fund balance - beginning	<u>525,228</u>	<u>138,109</u>	<u>663,337</u>
Cash and investment fund balance - ending	<u>\$ 301,156</u>	<u>\$ 129,104</u>	<u>\$ 430,260</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 1,786	\$ 1,053	\$ 2,839
Restricted assets:			
Cash and investments	299,370	128,051	427,421
Total cash and investment assets - December 31	<u>\$ 301,156</u>	<u>\$ 129,104</u>	<u>\$ 430,260</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 10,516	\$ 17,007	\$ 27,523
Other purposes	288,854	111,044	399,898
Unrestricted	1,786	1,053	2,839
Total cash and investment fund balance - December 31	<u>\$ 301,156</u>	<u>\$ 129,104</u>	<u>\$ 430,260</u>

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

TOWN OF LAGRANGE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Agency Funds
Additions:	
Agency fund additions	\$ 870,382
Deductions:	
Agency fund deductions	871,833
Deficiency of total additions over total deductions	(1,451)
Cash and investment fund balance - beginning	4,357
Cash and investment fund balance - ending	\$ 2,906

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

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The Town's financial reporting entity is composed of the following:

Primary Government: Town and Utilities

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The highways and streets fund accounts for the repair, construction, operation, and maintenance of streets. The motor vehicle highway and local roads and streets funds have been combined to form the highways and streets fund.

The cemetery fund accounts for the operation of the cemetery.

The tax incremental financing fund accounts for infrastructure improvements.

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The major moves fund is used for construction, reconstruction and maintenance of town roads.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the Town as an agent for payroll related withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF LAGRANGE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
Other governmental	Other governmental	\$ 3,300	\$ 49,085

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Job Related Illness or Injuries to Employees (Workmen's Compensation)

During 2000, the Town joined together with other governmental entities in the Indiana Public Employer's Plan Inc., a public entity risk pool currently operated as a common risk management and insurance program for six member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporation

The Town has entered into a capital lease with LaGrange Storm Sewer Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the years 2005 and 2006 were \$79,813 and \$78,163, respectively.

C. Defeasance of Bonds

In prior years, the LaGrange Wastewater Utility defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the Utilities financial statements. At December 31, 2006, \$57,000 of the bonds outstanding are considered defeased.

D. Rate Structure – Enterprise Funds

Water Utility

On October 4, 1993 the Town Council adopted Ordinance 1993-10-4-A to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on November 20, 2000.

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility

The current rate structure was approved by the Town Council on May 25, 2001.

E. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

TOWN OF LAGRANGE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 40,329
Interest on net pension obligation	(1,518)
Adjustment to annual required contribution	1,730
Annual pension cost	40,541
Contributions made	28,919
Increase in net pension obligation	11,622
Net pension obligation, beginning of year	(20,934)
Net pension obligation, end of year	\$ (9,312)
Contribution rates:	
Town	5.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 24,479	138%	\$ (20,274)
	06-30-05	27,669	102%	(20,934)
	06-30-06	40,541	71%	(9,312)

TOWN OF LAGRANGE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 487,830	\$ 558,338	\$ (70,508)	87%	\$ 491,591	(14%)
07-01-05	510,190	696,516	(186,326)	73%	530,636	(35%)
07-01-06	593,026	727,859	(134,833)	81%	541,402	(25%)

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Park	Law Enforcement Continuing Education	Rainy Day Fund	CEDIT	Firefighting Grant	Cemetery Trust	CCI
Receipts:							
Taxes	\$ 34,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,122	-	-	121,767	-	-	9,023
Charges for services	1,455	-	-	-	55,755	-	-
Fines and forfeits	-	5,302	-	-	-	-	-
Other	2,423	1,074	1,678	4,245	49	-	2,366
Total receipts	40,808	6,376	1,678	126,012	55,804	-	11,389
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	4,684	-	-	91,789	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	11,168	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	106,780	-	-	-
Interest	-	-	-	57,611	-	-	-
Total disbursements	11,168	4,684	-	164,391	91,789	-	-
Excess (deficiency) of receipts over disbursements	29,640	1,692	1,678	(38,379)	(35,985)	-	11,389
Other financing sources (uses):							
Interfund loans	(100,000)	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,300)	-	-
Total other financing sources (uses)	(100,000)	-	-	-	(3,300)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(70,360)	1,692	1,678	(38,379)	(39,285)	-	11,389
Cash and investment fund balance - beginning	139,677	34,254	55,598	203,803	39,285	15,224	61,653
Cash and investment fund balance - ending	\$ 69,317	\$ 35,946	\$ 57,276	\$ 165,424	\$ -	\$ 15,224	\$ 73,042
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ 57,276	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	69,317	35,946	-	165,424	-	15,224	73,042
Total cash and investment assets - December 31	\$ 69,317	\$ 35,946	\$ 57,276	\$ 165,424	\$ -	\$ 15,224	\$ 73,042
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ 69,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	35,946	-	165,424	-	15,224	73,042
Unrestricted	-	-	57,276	-	-	-	-
Total cash and investment fund balance - December 31	\$ 69,317	\$ 35,946	\$ 57,276	\$ 165,424	\$ -	\$ 15,224	\$ 73,042

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Cumulative Storm Sewer	Firefighting Equipment	General Improvement	CCD	Building Fund	Totals
Receipts:						
Taxes	\$ 71,031	\$ -	\$ -	\$ 9,069	\$ -	\$ 114,908
Intergovernmental	6,124	-	-	800	18,406	158,242
Charges for services	150	17,671	-	-	-	75,031
Fines and forfeits	-	-	-	-	-	5,302
Other	5,023	2,567	463	389	854	21,131
Total receipts	82,328	20,238	463	10,258	19,260	374,614
Disbursements:						
General government	-	-	-	-	189,764	189,764
Public safety	-	20	-	-	-	96,493
Highways and streets	4,780	-	-	-	-	4,780
Culture and recreation	-	-	-	-	-	11,168
Debt service:						
Principal	-	-	-	-	-	106,780
Interest	-	-	-	-	-	57,611
Total disbursements	4,780	20	-	-	189,764	466,596
Excess (deficiency) of receipts over disbursements	77,548	20,218	463	10,258	(170,504)	(91,982)
Other financing sources (uses):						
Interfund loans	-	-	-	-	200,000	100,000
Transfers in	-	3,300	-	-	-	3,300
Transfers out	-	-	-	-	-	(3,300)
Total other financing sources (uses)	-	3,300	-	-	200,000	100,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	77,548	23,518	463	10,258	29,496	8,018
Cash and investment fund balance - beginning	115,855	71,423	15,327	8,981	18,069	779,149
Cash and investment fund balance - ending	\$ 193,403	\$ 94,941	\$ 15,790	\$ 19,239	\$ 47,565	\$ 787,167
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ 15,790	\$ -	\$ -	\$ 73,066
Restricted assets:						
Cash and investments	193,403	94,941	-	19,239	47,565	714,101
Total cash and investment assets - December 31	\$ 193,403	\$ 94,941	\$ 15,790	\$ 19,239	\$ 47,565	\$ 787,167
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,317
Other purposes	193,403	94,941	-	19,239	47,565	644,784
Unrestricted	-	-	15,790	-	-	73,066
Total cash and investment fund balance - December 31	\$ 193,403	\$ 94,941	\$ 15,790	\$ 19,239	\$ 47,565	\$ 787,167

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	<u>Payroll</u>	<u>Excess Levy</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 850,036	\$ 16,643	\$ 866,679
Deductions:			
Agency fund deductions	<u>846,847</u>	<u>16,643</u>	<u>863,490</u>
Excess of total additions over total deductions	3,189	-	3,189
Cash and investment fund balance - beginning	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Cash and investment fund balance - ending	<u>\$ 4,357</u>	<u>\$ -</u>	<u>\$ 4,357</u>

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Park	Law Enforcement Continuing Education	Rainy Day Fund	CEDIT	Cemetery Trust	CCI
Receipts:						
Taxes	\$ 86	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	148,750	-	10,428
Charges for services	576	-	-	-	-	-
Other	9,506	25,867	1,672	2,883	-	1,552
Total receipts	10,168	25,867	1,672	151,633	-	11,980
Disbursements:						
General government	-	-	39,839	-	-	65,257
Public safety	-	7,956	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	95,386	-	-	-	-	-
Debt service:						
Principal	-	-	-	94,100	-	-
Interest	-	-	-	29,354	-	-
Capital outlay:						
Highways and streets	-	-	-	157,999	-	-
Total disbursements	95,386	7,956	39,839	281,453	-	65,257
Excess (deficiency) of receipts over disbursements	(85,218)	17,911	(38,167)	(129,820)	-	(53,277)
Other financing sources (uses):						
Interfund loans	200,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	200,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	114,782	17,911	(38,167)	(129,820)	-	(53,277)
Cash and investment fund balance - beginning	69,317	35,946	57,276	165,424	15,224	73,042
Cash and investment fund balance - ending	\$ 184,099	\$ 53,857	\$ 19,109	\$ 35,604	\$ 15,224	\$ 19,765
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ 19,109	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	184,099	53,857	-	35,604	15,224	19,765
Total cash and investment assets - December 31	\$ 184,099	\$ 53,857	\$ 19,109	\$ 35,604	\$ 15,224	\$ 19,765
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ 184,099	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	53,857	-	35,604	15,224	19,765
Unrestricted	-	-	19,109	-	-	-
Total cash and investment fund balance - December 31	\$ 184,099	\$ 53,857	\$ 19,109	\$ 35,604	\$ 15,224	\$ 19,765

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Cumulative Storm Sewer	Firefighting Equipment	General Improvement	CCD	Building Fund	Totals
Receipts:						
Taxes	\$ 48,858	\$ -	\$ -	\$ 46,277	\$ -	\$ 95,221
Intergovernmental	4,750	-	-	22,901	-	186,829
Charges for services	-	19,431	-	-	-	20,007
Other	7,318	4,779	718	762	201,669	256,726
Total receipts	60,926	24,210	718	69,940	201,669	558,783
Disbursements:						
General government	-	-	-	122,030	149	227,275
Public safety	-	696	-	-	-	8,652
Highways and streets	63,165	-	-	-	-	63,165
Culture and recreation	-	-	-	-	-	95,386
Debt service:						
Principal	15,000	-	-	-	-	109,100
Interest	24,287	-	-	-	-	53,641
Capital outlay:						
Highways and streets	-	-	-	-	-	157,999
Total disbursements	102,452	696	-	122,030	149	715,218
Excess (deficiency) of receipts over disbursements	(41,526)	23,514	718	(52,090)	201,520	(156,435)
Other financing sources (uses):						
Interfund loans	-	-	-	-	(200,000)	-
Transfers in	-	-	-	49,085	-	49,085
Transfers out	-	-	-	-	(49,085)	(49,085)
Total other financing sources (uses)	-	-	-	49,085	(249,085)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,526)	23,514	718	(3,005)	(47,565)	(156,435)
Cash and investment fund balance - beginning	193,403	94,941	15,790	19,239	47,565	787,167
Cash and investment fund balance - ending	\$ 151,877	\$ 118,455	\$ 16,508	\$ 16,234	\$ -	\$ 630,732
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ 16,508	\$ -	\$ -	\$ 35,617
Restricted assets:						
Cash and investments	151,877	118,455	-	16,234	-	595,115
Total cash and investment assets - December 31	\$ 151,877	\$ 118,455	\$ 16,508	\$ 16,234	\$ -	\$ 630,732
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,099
Other purposes	151,877	118,455	-	16,234	-	411,016
Unrestricted	-	-	16,508	-	-	35,617
Total cash and investment fund balance - December 31	\$ 151,877	\$ 118,455	\$ 16,508	\$ 16,234	\$ -	\$ 630,732

TOWN OF LAGRANGE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	Payroll	Totals
Additions:		
Agency fund additions	\$ 870,382	\$ 870,382
Deductions:		
Agency fund deductions	871,833	871,833
Deficiency of total additions over total deductions	(1,451)	(1,451)
Cash and investment fund balance - beginning	4,357	4,357
Cash and investment fund balance - ending	\$ 2,906	\$ 2,906

TOWN OF LAGRANGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are not being reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 443,615
Buildings	1,152,065
Improvements other than buildings	1,092,958
Machinery and equipment	<u>1,815,451</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,504,089</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 51,300
Buildings	72,929
Improvements other than buildings	2,773,983
Machinery and equipment	<u>266,108</u>
 Total Water Utility capital assets	 <u>3,164,320</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	1,718,389
Improvements other than buildings	8,032,731
Machinery and equipment	<u>1,076,989</u>
 Total Wastewater Utility capital assets	 <u>10,828,109</u>
 Total business-type activities capital assets not being depreciated	 <u>\$ 13,992,429</u>

TOWN OF LAGRANGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Sewer Separation Project	\$ 840,000	\$ 76,513
Town Hall	<u>123,154</u>	<u>84,577</u>
Total governmental activities debt	<u>\$ 963,154</u>	<u>\$ 161,090</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Tower Construction	<u>\$ 1,605,000</u>	<u>\$ 37,783</u>
Wastewater Utility		
Notes Payable:		
LaGrange County Wastewater Line Extension	436,018	-
Revenue bonds:		
Refunding Revenue Bonds of 1999	29,000	703
Plant Expension Series A & B of 2001	<u>2,661,000</u>	<u>124,632</u>
Total Wastewater Utility	<u>3,126,018</u>	<u>125,335</u>
Total business-type activities debt:	<u>\$ 4,731,018</u>	<u>\$ 163,118</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF LAGRANGE, LAGRANGE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of LaGrange (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Town's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 27, 2007

TOWN OF LAGRANGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Department of Commerce Community Development Block Grants/State's Program CF-04-203	14.228		\$ 453,319	\$ 71,680
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Community Emergency Response Teams	97.054		91,788	-
Total federal awards expended			<u>\$ 545,107</u>	<u>\$ 71,680</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF LAGRANGE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of LaGrange (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF LAGRANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF LAGRANGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF LAGRANGE
EXIT CONFERENCE

The contents of this report were discussed on November 27, 2007, with Michael Rowison, Clerk-Treasurer; and Terry Helmer, President of the Town Council. Our audit disclosed no material items that warrant comment at this time.