



OHIO AUDITOR OF STATE
KEITH FABER



LAKE COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Lake County
105 Main Street
P.O. Box 490
Painesville, Ohio 44077

To the County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Lake County, Ohio (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Lake County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Developmental Disabilities Board Fund, Board of Alcohol, Drug Addiction & Mental Health Services (ADAMHS) Board Fund, and American Rescue Plan Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

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LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

The discussion and analysis of Lake County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$61,774,358. Net position of governmental activities increased \$50,734,149, which represents a 15 percent increase from 2021. Net position of business-type activities increased \$11,040,209 or 4 percent from 2021.
- General revenues accounted for \$139,912,687 in revenue or 51 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$133,403,388 or 49 percent of total revenues of \$273,316,075.
- Total assets of governmental activities increased by \$46,836,073, and total assets of business-type activities increased by \$2,258,286.
- The County had \$173,369,556 in expenses related to governmental activities; only \$84,347,273 of these expenses were offset by program specific charges for services, grants or contributions. Additional general revenues of \$139,656,432 were sufficient to offset the remainder of the total expenses, thus resulting in the net position increase disclosed above.
- The County's total net pension liability decreased to \$52,003,327 from \$89,422,307 and the net pension and net OPEB asset increased a total of \$8,215,539. For more information on this liability see Notes J and K to the basic financial statements.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lake County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of Lake County, the General Fund, Developmental Disabilities Board, ADAMHS Board, and American Rescue Plan Act are the most significant funds.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the County's net position and the change in that net position. This change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, non-financial information such as changes in the County's tax base and the condition of County capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the County is divided into three kinds of activities:

- **Governmental Activities** – Most of the County's programs and services are reported here including general government, judicial and public safety, public works, human services, health and community and economic development and all departments with the exception of our Water, Wastewater and Solid Waste funds.
- **Business-Type Activities** – These services have a charge based upon the amount of usage. The County charges fees to recoup the cost of the entire operation of its Water, Wastewater and Solid Waste funds as well as all capital expenses associated with these facilities.
- **Component Units** – The County includes financial data of Deepwood Industries, Inc. (the Workshop) and the Lake Development Authority (the Development Authority). The Workshop is a legally separate, non-profit organization served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Lake County Developmental Disabilities Board, provides a comprehensive program of services, including employment for developmentally disabled citizens. The Development Authority was created during 2007 for the purpose of promoting projects that will provide for the

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

creation of jobs and employment opportunities and improve the economic welfare of the people residing in Lake County.

The Development Authority has a seven-member Board of Directors. The component units are separate and may buy, sell, lease and mortgage property in their own name and can sue or be sued in their own name.

Reporting on the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, the Developmental Disabilities Board Fund (DD Board), and the Alcohol, Drug Addiction and Mental Health Services Board Fund (ADAMHS Board) and the American Rescue Plan Act Fund (ARPA).

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

Proprietary Funds: The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water, Wastewater and Solid Waste operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central purchasing, mailroom, and vehicle maintenance departments as well as for its self-insurance programs for prescription, dental and medical coverage. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the County-wide financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that of the proprietary funds.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

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LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

Government-wide Financial Analysis

The following provides a summary of the County's Net Position for 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 *	2022	2021	2022	2021 *
ASSETS						
Current and other assets	\$ 432,430,848	\$ 391,203,623	\$ 65,676,066	\$ 71,268,653	\$ 498,106,914	\$ 462,472,276
Capital assets, net	181,431,935	183,335,434	256,720,475	249,572,794	438,152,410	432,908,228
Net Pension Asset	2,065,485	1,429,966	312,505	276,437	2,377,990	1,706,403
Net OPEB Asset	15,788,603	8,911,775	2,366,858	1,699,734	18,155,461	10,611,509
Total Assets	631,716,871	584,880,798	325,075,904	322,817,618	956,792,775	907,698,416
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	66,863	90,460	-	-	66,863	90,460
Pension	21,003,358	11,581,974	3,066,186	2,049,707	24,069,544	13,631,681
OPEB	246,456	4,518,435	34,920	869,215	281,376	5,387,650
Total Deferred Outflows of Resources	21,316,677	16,190,869	3,101,106	2,918,922	24,417,783	19,109,791
LIABILITIES						
Current and other liabilities	59,766,985	40,461,446	7,316,541	5,896,842	67,083,526	46,358,288
Long-term liabilities:						
Due within one year	3,169,348	2,961,522	8,450,893	10,382,537	11,620,241	13,344,059
Due in more than one year						
Net Pension Liability	45,332,832	75,053,115	6,670,495	14,369,192	52,003,327	89,422,307
Other Amounts	30,397,872	32,923,864	26,824,800	26,652,264	57,222,672	59,576,128
Total Liabilities	138,667,037	151,399,947	49,262,729	57,300,835	187,929,766	208,700,782
DEFERRED INFLOWS OF RESOURCES						
Property taxes	54,742,439	53,306,617	-	-	54,742,439	53,306,617
Pension	56,910,050	33,718,114	8,580,079	6,387,479	65,490,129	40,105,593
OPEB	16,634,589	27,301,705	2,497,502	5,251,735	19,132,091	32,553,440
Total Deferred Inflows of Resources	128,287,078	114,326,436	11,077,581	11,639,214	139,364,659	125,965,650
NET POSITION						
Net investment in capital assets	158,329,195	156,724,941	234,402,759	224,783,878	392,731,954	381,508,819
Restricted	237,896,955	217,962,688	-	-	237,896,955	217,962,688
Unrestricted	(10,146,717)	(39,342,345)	33,433,941	32,012,613	23,287,224	(7,329,732)
Total Net Position	\$ 386,079,433	\$ 335,345,284	\$ 267,836,700	\$ 256,796,491	\$ 653,916,133	\$ 592,141,775

* Restated

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$653,916,133 (\$386,079,433 in governmental activities and \$267,836,700 in business type activities) as of December 31, 2022.

A large portion of the County's net position \$392,731,954 (60 percent) reflect its investment in capital assets (e.g., land, building, infrastructure and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

An additional portion of net position, \$237,896,955 (36 percent), represent resources that are subject to external restriction on how they may be used. The remaining balance of \$23,287,224 of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

As of December 31, 2022, the County is able to report positive balances in all three categories of net position as a whole, however, unrestricted governmental net position was negative due to the inclusion of the net pension and OPEB liabilities. The County would have reported positive balances in the governmental activities unrestricted net position in 2022 and 2021 without the inclusion of these liabilities.

Total assets increased \$49,094,359 which represented a 5 percent increase over 2021. Total assets of governmental activities increased \$46.8 million primarily due to an increase cash and cash equivalents, accrued interest receivable, and net OPEB asset, which was offset by a decrease in capital assets of \$1.9 million due to current year depreciation. The increase in current and other assets is due primarily to an increase in cash and cash equivalents related to the implementation of GASB84 resulting in the allocation of non-fiduciary cash to the governmental funds and the increase in net OPEB Asset. The increase in accrued interest receivable is due to a more aggressive investment strategy and increased interest rates by the County Treasurer.

Total assets of business-type activities increased \$2.2 million primarily due to a decrease in current and other assets of \$5.6 million, which was offset by an increase in capital assets of \$7.1 million. The decrease in current and other assets is due to the decrease in cash and cash equivalents.

The County's balances remain healthy while the County continues to provide the services that the residents expect while maintaining the costs of providing those services. In order to further understand what makes up the changes in net position for the current year, table 2 gives readers further details regarding the results of activities for 2022 and 2021.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021 **	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 32,922,630	\$ 30,903,669	\$ 44,497,821	\$ 45,633,937	\$ 77,420,451	\$ 76,537,606
Operating grants and contributions	51,424,643	59,998,674	-	-	51,424,643	59,998,674
Capital grants and contributions	-	300,000	4,558,294	3,522,334	4,558,294	3,822,334
Total Program Revenues	84,347,273	91,202,343	49,056,115	49,156,271	133,403,388	140,358,614
General Revenues:						
Property taxes	55,776,251	50,855,446	-	-	55,776,251	50,855,446
Sales Tax	47,411,885	45,676,969	-	-	47,411,885	45,676,969
Conveyance Tax	5,123,187	5,730,037	-	-	5,123,187	5,730,037
Lodging Tax	2,449,794	1,948,460	-	-	2,449,794	1,948,460
Grants and entitlements	13,733,457	12,587,365	-	-	13,733,457	12,587,365
Investment income	(1,386,364)	1,107,535	-	-	(1,386,364)	1,107,535
Gain on Sale of Capital Assets	130,547	112,751	28,943	72,413	159,490	185,164
All other revenues	16,417,675	11,254,653	227,312	169,834	16,644,987	11,424,487
Total General Revenues	139,656,432	129,273,216	256,255	242,247	139,912,687	129,515,463
Total Revenues	224,003,705	220,475,559	49,312,370	49,398,518	273,316,075	269,874,077
EXPENSES						
Program Expenses:						
General government	16,138,063	(6,993,072)	-	-	16,138,063	(6,993,072)
Judicial and Public Safety	54,580,998	48,674,522	-	-	54,580,998	48,674,522
Public Works	28,230,233	24,630,386	-	-	28,230,233	24,630,386
Human Services	57,589,673	40,316,505	-	-	57,589,673	40,316,505
Health	14,033,752	16,401,672	-	-	14,033,752	16,401,672
Community and Economic Development	2,551,439	2,815,331	-	-	2,551,439	2,815,331
Interest and fiscal charges	245,398	366,772	-	-	245,398	366,772
Water	-	-	13,795,208	12,974,667	13,795,208	12,974,667
Wastewater	-	-	16,883,413	13,593,003	16,883,413	13,593,003
Solid Waste	-	-	7,493,540	5,498,482	7,493,540	5,498,482
Total Expenses	173,369,556	126,212,116	38,172,161	32,066,152	211,541,717	158,278,268
Change in Net Position before Transfers	50,634,149	94,263,443	11,140,209	17,332,366	61,774,358	111,595,809
Transfers	100,000	100,000	(100,000)	(100,000)	-	-
Change in Net Position	50,734,149	94,363,443	11,040,209	17,232,366	61,774,358	111,595,809
Net Position - Beginning of Year	335,345,284	240,981,841	256,796,491	239,564,125	592,141,775	480,545,966
Net Position - End of Year	\$ 386,079,433	\$ 335,345,284	\$ 267,836,700	\$ 256,796,491	\$ 653,916,133	\$ 592,141,775

Total governmental activities expenses increased from \$126,212,116 in 2021 to \$173,369,556 in 2022. Due to changes in the net OPEB plan, the County recorded a credit of \$65,308,155 to expenses in 2021 and a credit to expenses of \$29,857,215 in 2022 for a difference of \$35,450,940 in expenses. Of the total \$173.3 million in governmental activities expenses, \$32,922,630 was covered by direct charges to users of the services. A significant portion of those charges are for fees charged for the collection of property taxes throughout the County, fines and forfeitures related to judicial activity, licenses and permits associated with building inspectors, recording fees for deeds and title fees. Judicial and public safety charges for services include fees for prisoner housing and fines and forfeitures related to judicial activity. Human service charges for services include those provided to clients of the DD Board and the Children's Services Fund. Motor vehicle license fees comprise the majority of public works charges.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

For governmental activities, operating grants and contributions decreased from \$59,998,674 in 2021 to \$51,424,643 in 2022 due to an increase in grants received. In 2022 property taxes and sales tax increased versus 2021. Real estate conveyance taxes decreased by \$.6 million in 2022, which represents a 10 percent decrease, which the slight slow down in the housing market in the County. Investment earnings decreased by \$2.4 million from the prior year as interest rates fell. The County reported a change in fair market value at year end of a deficit of \$9,335,745, which caused the negative investment income. Charges for services to users in the business-type activities amounted to \$44,497,821 and an additional \$4,558,294 was received during the year for grants and contributions for operating and capital expenses. These two revenue sources more than offset the \$38,172,161 in expenses for business-type activities.

The human services program accounted for \$57,589,673 of expenditures for governmental activities, or 33 percent, of that total. The activity of the County's DD Board comprises more than half of the expenditure total for this program. Expenditures in the human services program increased \$17.2 million in 2022, as compared to 2021, mainly due to the credit to the expense in the amount of \$27.2 million in 2021 and \$12.2 million in 2022 for the recording of GASB Statement No. 75 for net OPEB asset/liability. The judicial and public safety program and the general government program account for the largest number of departments within programs and, between these two programs, expenditures decreased \$5,906,476 in 2022 as compared to 2021. The decrease in expenditures for all three of these programs is primarily due to the changes in the net pension and net OPEB liabilities/asset, and related pension/OPEB expense. The change in net OPEB liability/asset caused a \$27.0 million credit to general government expenses in 2021 and a credit of \$12.3 in 2022. The public works program accounts for the maintenance and repairs of County roads and bridges. The majority of the health program is the activity of the ADAMHS Board as well as the operations of the Dog Warden. The community and economic development program primarily accounts for federal and state grants related to housing rehabilitation, business development and other community projects.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$280,599,580. Of this total amount, \$18,087,910 constitutes unassigned fund balance, which is available for appropriation at the County's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,279,161 while the total fund balance was \$56,808,280. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 31 percent of total General Fund expenditures, while total fund balance is 96 percent of that same amount.

The fund balance of the County's General Fund increased by \$0.9 million during the current fiscal year. Overall General Fund revenues increased in 2022 by \$6.0 million as compared to the previous year. The primary reason for this increase is an increase in property taxes, and sales taxes. All other revenue sources had nominal increases or decreases. Transfers to other governmental funds for operating purposes amounted to \$24.0 million during 2022.

With respect to the fund balances of the other major governmental funds, the DD Board Fund increased slightly by \$4,431. The fund balance of the ADAMHS Board Fund decreased by \$1.2 million primarily because of increased expenditures in 2022, and the fund balance of the American Rescue Plan Act did not change.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Water Fund had unrestricted net position at the end of the year of \$10,068,155. This increase was primarily due to the decrease in net pension liability, which has a corresponding increase on unrestricted net position. Unrestricted net position for the Wastewater Fund amounted to \$13,485,988, which is also the result of the decrease in net pension liability. The Solid Waste Fund's unrestricted net position amounted to \$9,879,798, which was a decrease from the prior year due to the increase in net investment of capital assets net position. Operating revenues for all proprietary funds decreased from \$57,206,119 to \$44,725,133, in 2022 as compared to 2021 while operating expenses decreased by \$5,278,312, or 12 percent. The changes of the net pension liability, net OPEB liability, net pension asset, net OPEB asset, the related deferred inflows/outflows and personal services were a factor in the decrease of operating expenses.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. Final budgeted revenues and other financing sources increased by \$20,336,205 as compared to the original budget for a total increase of 32 percent, primarily due to increases in the estimates for sales tax, conveyance taxes, intergovernmental revenue and miscellaneous revenue. Actual revenues and other financing sources received were \$518,452 more than the final certification.

Final budgeted expenditures and other financing uses, increased from the original budget. However, actual expenditures and other financing uses were \$5,257,326 less than final budgeted appropriations, which amounted to a 6 percent reduction from the final expenditure budget. The final budgeted appropriations increase was due mostly to an increase in transfers out. The transfers were needed to promote economic development throughout the County.

Capital Assets and Debt Administration

Capital Assets:

Table 3 shows 2022 values compared to 2021.

	Capital Assets at December 31 (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021 *	2022	2021	2022	2021
Land	\$ 5,123,735	\$ 3,274,075	\$ 4,591,592	\$ 4,602,592	\$ 9,715,327	\$ 7,876,667
Construction in progress	45,715,266	44,156,367	38,890,647	31,588,162	84,605,913	75,744,529
Total Non-Depreciable	50,839,001	47,430,442	43,482,239	36,190,754	94,321,240	83,621,196
Land improvements	837,240	858,173	18,481	23,024	855,721	881,197
Buildings and Improvements	37,811,947	40,284,047	-	-	37,811,947	40,284,047
Intangible Right-to-use Lease - Buildings	4,030,496	4,630,875	-	-	4,030,496	4,630,875
Furniture, Fixtures, and Equipment	14,167,670	14,209,786	888,237	1,454,851	15,055,907	15,664,637
Infrastructure	73,745,581	75,922,111	-	-	73,745,581	75,922,111
Utility Plant in Service	-	-	212,331,518	211,904,165	212,331,518	211,904,165
Total Depreciable, Net of Depreciation	130,592,934	135,904,992	213,238,236	213,382,040	343,831,170	349,287,032
Total Capital Assets, Net of Depreciation	\$ 181,431,935	\$ 183,335,434	\$ 256,720,475	\$ 249,572,794	\$ 438,152,410	\$ 432,908,228

* Restated

The County's investment in capital assets for its governmental and business type activities as of December 31, 2022, amount to \$438,152,410 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, intangible right-to-use lease – buildings, equipment and machinery, roads, highways, bridges, utility service lines and related operating facilities and the County landfill. Utility Plant in Service in the business-type activities includes all utility buildings and service lines associated with such operations.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

Major capital asset events during the current fiscal year included the following:

- Antennas for county buildings purchased at cost of \$36,000
- Purchase 13 law enforcement vehicles with equipment for Sheriff's Office at cost of \$790,076
- Purchase excavators and crew cab chassis for Engineers office at cost of \$243,947
- Purchase Utility vehicles at cost of \$321,463
- Upgrade server and hardware for Telecom
- Purchase of 2 Ram Chassis Cabs from Engineer's office at cost of \$114,971
- Crime Lab HVAC system upgrade at cost of \$430,680
- Storm Water purchased street sweeper for \$298,930
- Land acquisition totaling \$1,831,264

Additional information on the County's capital assets can be found in Note F of this report.

Debt

Table 4 summarizes the County's long-term obligations outstanding.

Outstanding Debt at December 31

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 *	2021	2021	2022	2021
General Obligation Bonds	\$ 4,207,000	\$ 5,322,000	1,465,594	\$ 1,643,292	\$ 5,672,594	\$ 6,965,292
Special Assessment Bonds	4,094,406	4,686,708	-	-	4,094,406	4,686,708
OWDA Loans	-	-	11,286,092	11,834,031	11,286,092	11,834,031
Other Long-term Liabilities	368,671	434,423	1,384,098	1,260,492	1,752,769	1,694,915
Leases	4,048,995	4,738,741	-	-	4,048,995	4,738,741
Notes Payable	10,250,000	10,250,000	7,515,472	9,349,000	17,765,472	19,599,000
Unamortized Premium on Debt	200,531	269,081	-	-	200,531	269,081
Landfill Closure & Postclosure	-	-	11,488,470	11,035,995	11,488,470	11,035,995
Compensated Absences	10,397,617	10,184,433	2,135,967	1,911,991	12,533,584	12,096,424
Net Pension Liability	45,332,832	75,053,115	6,670,495	14,369,192	52,003,327	89,422,307
Total Outstanding Debt	\$ 78,900,052	\$ 110,938,501	41,946,188	\$ 51,403,993	\$ 120,846,240	\$ 162,342,494

* - Restated

Of the debt outstanding at December 31, 2022, the general obligation bonds and notes are backed by the full faith and credit of the County and the special assessment bonds are debt that the County is liable for in the event of default by the property owner subject to the assessment. The Ohio Water Development Authority Loans (OWDA) are for water and wastewater utility improvements. The Other Long-term Liabilities are for water and wastewater utility improvements and road improvements. Capital leases are for the acquisition of capital assets which are paid for over the lease period. Compensated absences are unpaid leave benefits accumulated by County employees and are payable upon termination of employment, subject to certain restrictions.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2022 Unaudited

Interest and fiscal charges amounted to 245k of expenses for governmental activities.

The County's governmental long-term general obligations decreased by \$32,038,449, or 29 percent, in 2022. During the year, the County retired a \$11.5 million note and issued a note in the amount of \$10,250,000 in 2022 for an administration building project and additional motor vehicles. The net pension liability decreased over \$29.7 million from the prior year.

The long-term obligations for business-type activities decreased by \$9,457,805, or 18 percent, during 2022. During the year, the County retired \$9.3 million in business-type activities long-term notes and also reissued \$7.5 million in business-type activities notes. The net pension liability decreased over \$7.6 million.

The County maintains an "Aa1" credit rating from Moody's Investor Services, Inc. The overall debt margin at December 31, 2022 was \$174.7 million with an unvoted total debt margin of \$65.9 million. Additional information on the County's long-term debt can be found in Note H of this report.

Economic Factors and Next Year's Budgets and Rates

As previously stated, the fund balance in the General Fund increased in 2022 as a result of sales tax and miscellaneous revenue increases. Due to increases in federal and state funding cutbacks in recent years, the Commissioners and the department heads have worked diligently in reducing expenses. The Commissioners are reviewing all "non-statutorily" mandated expenditure functions to determine what can be further reduced and/or eliminated, and they are stringently monitoring all expenses and are continuing to curtail travel and equipment purchases unless absolutely needed.

The County's portion of federal and state-based revenue has also been affected by the economic conditions. The State of Ohio has experienced revenue losses and, as a result, has instituted cutbacks to state agencies and in their allocations to county and other local governments.

These reduced federal and state funding/reimbursements for various programs have, in some cases, resulted in additional pressure on the General Fund balance, as well as several other County funds.

The County supports expansion of local businesses and has begun many initiatives in recent years to further their support by offering low interest loans to businesses through the Community and Economic Development Department and by working closely with regional partners to continue future expansion of local businesses and/or retainage or creation of additional jobs for Lake County.

Inflationary trends for the County improved in 2022. The unemployment rate for the County at the end of 2022 was 3.3 percent, which was a decrease from the 5.4 percent at the end of 2021. The County's rate compares favorably to the State rate of 4.1percent at the end of 2022 but is slightly higher than the Federal rate of 3.5 percent. Lake County's economy has been resilient in contrast to other counties in the State of Ohio who are facing significant financial hardships and budget reductions.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2022* *Unaudited*

The key factor is the County's large retail market and its diversified commercial and industrial economic base. Residential new construction edged up again in 2022. The County is fortunate to have a fairly large amount of undeveloped land in the eastern and southern portions of the County which can hopefully house future new development once the economy improves.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Christopher A. Galloway, Lake County Auditor, 105 Main Street, Painesville, Ohio 44077, (440) 350-2532, or email at: auditor@lakecountyohio.gov, or visit the County Web Site at: <http://www.lakecountyohio.gov>.

LAKE COUNTY, OHIO
Statement of Net Position
December 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Workshop	Development Authority
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 323,549,591	\$ 55,532,487	\$ 379,082,078	\$ 695,753	\$ 2,535,896
Cash and Cash Equivalents:					
In Segregated Accounts	5,786,774	-	5,786,774		
Receivables:					
Property Taxes	57,214,475	-	57,214,475	-	-
Sales Tax	7,768,496	-	7,768,496	-	-
Accounts	1,078,097	8,038,783	9,116,880	58,701	160,192
Other Assets and Receivables	-	-	-	(4,897)	482,574
Special Assessments	10,699,128	-	10,699,128	-	-
Accrued Interest	6,567,631	-	6,567,631	-	-
Due from Other Governments	18,319,124	-	18,319,124	-	-
Materials and Supplies Inventory	822,903	2,050,839	2,873,742	389	-
Loans Receivable	160,500	-	160,500	-	-
Prepaid Items	464,129	53,957	518,086	11,018	18,819
Nondepreciable Capital Assets	50,839,001	43,482,239	94,321,240	-	9,014,888
Depreciable Capital Assets	130,592,934	213,238,236	343,831,170	3,430	1,693,542
Net Pension Asset	2,065,485	312,505	2,377,990	-	54,392
Net OPEB Asset	15,788,603	2,366,858	18,155,461	-	63,614
Total Assets	631,716,871	325,075,904	956,792,775	764,394	14,023,917
DEFERRED OUTFLOWS OF RESOURCES					
Deferral on Refunding	66,863	-	66,863	-	-
Pension	21,003,358	3,066,186	24,069,544	-	52,259
OPEB	246,456	34,920	281,376	-	-
Total Deferred Outflows of Resources	21,316,677	3,101,106	24,417,783	-	52,259
LIABILITIES					
Accounts Payable	2,578,873	1,534,368	4,113,241	-	207,806
Accrued Wages and Benefits	3,003,746	465,655	3,469,401	33,202	-
Due to Other Governments	1,687,684	1,553,330	3,241,014	-	6,882
Employee Withholding and Benefits Payable	10,187,110	217,476	10,404,586	-	-
Matured Compensated Absences Payable	108,741	-	108,741	-	14,535
Accrued Interest Payable	72,260	51,082	123,342	-	-
Retainage Payable	-	519,262	519,262	-	-
Other Payables	-	-	-	4,476	292,181
Customer Deposits	-	558,441	558,441	-	-
Claims Payable	257,070	-	257,070	-	-
Unearned Revenue	41,871,501	2,416,927	44,288,428	-	-
Long-term Liabilities:					
Due within one year	3,169,348	8,450,893	11,620,241	-	10,000
Due in more than one year:					
Net Pension Liability	45,332,832	6,670,495	52,003,327	-	71,865
Other Amounts Due in more than one year	30,397,872	26,824,800	57,222,672	-	90,000
Total Liabilities	138,667,037	49,262,729	187,929,766	37,678	693,269
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	54,742,439	-	54,742,439	-	-
Gain on Sale of Land and Leases	-	-	-	-	323,824
Pension	56,910,050	8,580,079	65,490,129	-	189,811
OPEB	16,634,589	2,497,502	19,132,091	-	103,962
Total Deferred Inflows of Resources	128,287,078	11,077,581	139,364,659	-	617,597
NET POSITION					
Net Investment in Capital Assets	158,329,195	234,402,759	392,731,954	3,430	10,608,430
Restricted for:					
Debt Service	7,025,445	-	7,025,445	-	-
Capital Projects	82,201,269	-	82,201,269	-	183,540
Roads and Bridges	7,917,358	-	7,917,358	-	-
Health Programs	7,044,192	-	7,044,192	-	-
Public Assistance/Human Services	55,091,263	-	55,091,263	-	-
Economic Development	11,208,808	-	11,208,808	-	-
Children's Services Programs	13,312,538	-	13,312,538	-	-
Other Public Works Activity	19,879,294	-	19,879,294	-	-
Judicial/Public Safety Grants/Programs	16,886,243	-	16,886,243	-	-
Other Purposes	17,330,545	-	17,330,545	4,599	-
Unrestricted (Deficit)	(10,146,717)	33,433,941	23,287,224	718,687	1,973,340
Total Net Position	\$ 386,079,433	\$ 267,836,700	\$ 653,916,133	\$ 726,716	\$ 12,765,310

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

LAKE COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Judicial and Public Safety	\$ 54,580,998	\$ 12,702,525	\$ 2,108,604	\$ -
Health	14,033,752	678,863	6,180,509	-
Human Services	57,589,673	2,152,990	26,969,223	-
Community and Economic Development	2,551,439	-	1,103,326	-
Public Works	28,230,233	5,285,631	11,554,137	-
General Government	16,138,063	12,102,621	3,508,844	-
Interest and Fiscal Charges	245,398	-	-	-
Total Governmental activities	173,369,556	32,922,630	51,424,643	-
Business-type activities:				
Water	13,795,208	17,137,700	-	1,872,489
Wastewater	16,883,413	19,293,433	-	2,685,805
Solid Waste	7,493,540	8,066,688	-	-
Total Business-type activities	38,172,161	44,497,821	-	4,558,294
Total Primary Government	\$ 211,541,717	\$ 77,420,451	\$ 51,424,643	\$ 4,558,294
Component Units:				
Workshop	\$ 1,265,567	\$ 535,724	\$ 504,795	\$ -
Port Authority	8,706,803	426,258	842,725	8,311,498
Total Component Units	\$ 9,972,370	\$ 961,982	\$ 1,347,520	\$ 8,311,498

General Revenues:

Property Taxes levied for:

- General Purposes
- Developmental Disabilities
- Mental Health
- Children's Services
- Narcotics Agency
- Forensic Crime Laboratory
- Senior Citizen Services

Sales Taxes Levied for General Purposes

Conveyance Tax Levied for General Purposes

Lodging Tax Levied for Specific Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Income

Gain on Sale of Capital Assets

All Other Revenues

Transfers

- Total General Revenues
- Change in Net Position
- Net Position - Beginning of Year
- Net Position - End of Year**

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Workshop	Development Authority	
\$ (39,769,869)	\$ -	\$ (39,769,869)	\$ -	\$ -	
(7,174,380)	-	(7,174,380)	-	-	
(28,467,460)	-	(28,467,460)	-	-	
(1,448,113)	-	(1,448,113)	-	-	
(11,390,465)	-	(11,390,465)	-	-	
(526,598)	-	(526,598)	-	-	
(245,398)	-	(245,398)	-	-	
<u>(89,022,283)</u>	<u>-</u>	<u>(89,022,283)</u>	<u>-</u>	<u>-</u>	
-	5,214,981	5,214,981	-	-	
-	5,095,825	5,095,825	-	-	
-	573,148	573,148	-	-	
-	10,883,954	10,883,954	-	-	
<u>\$ (89,022,283)</u>	<u>\$ 10,883,954</u>	<u>\$ (78,138,329)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (225,048)	\$ -	
-	-	-	-	873,678	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(225,048)</u>	<u>873,678</u>	
6,674,388	-	6,674,388	-	-	
25,324,679	-	25,324,679	-	-	
8,600,645	-	8,600,645	-	-	
5,667,509	-	5,667,509	-	-	
1,209,110	-	1,209,110	-	-	
3,825,083	-	3,825,083	-	-	
4,474,837	-	4,474,837	-	-	
47,411,885	-	47,411,885	-	-	
5,123,187	-	5,123,187	-	-	
2,449,794	-	2,449,794	-	-	
13,733,457	-	13,733,457	-	-	
(1,386,364)	-	(1,386,364)	583	18,139	
130,547	28,943	159,490	-	55,964	
16,417,675	227,312	16,644,987	-	145,114	
100,000	(100,000)	-	-	-	
<u>139,756,432</u>	<u>156,255</u>	<u>139,912,687</u>	<u>583</u>	<u>219,217</u>	
50,734,149	11,040,209	61,774,358	(224,465)	1,092,895	
335,345,284	256,796,491	592,141,775	951,181	11,672,415	
<u>\$ 386,079,433</u>	<u>\$ 267,836,700</u>	<u>\$ 653,916,133</u>	<u>\$ 726,716</u>	<u>\$ 12,765,310</u>	

LAKE COUNTY, OHIO

Balance Sheet Governmental Funds December 31, 2022

	General Fund	Developmental Disabilities Board	ADAMHS	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 45,692,492	\$ 44,368,922	4,668,428	\$ 41,977,370	\$ 169,932,798	\$ 306,640,010
Cash and Cash Equivalents:			-	-		
In Segregated Accounts	5,786,774	-	-	-	-	5,786,774
Receivables:			-	-		
Property Taxes	6,755,923	26,157,208	8,884,556	-	15,416,788	57,214,475
Sales Tax	7,768,496	-	-	-	-	7,768,496
Accounts	584,721	3,358	-	-	468,515	1,056,594
Special Assessments	-	-	-	-	10,699,128	10,699,128
Accrued Interest	6,534,231	-	-	-	33,400	6,567,631
Due from Other Funds	29,896	-	-	-	209,844	239,740
Due from Other Governments	1,787,429	588,060	2,479,519	-	13,297,683	18,152,691
Materials and Supplies Inventory	-	-	-	-	789,381	789,381
Interfund Receivable	19,765	-	-	-	-	19,765
Loans Receivable	-	-	-	-	160,500	160,500
Prepaid Items	396,821	30,740	7,442	-	29,016	464,019
Total Assets	\$ 75,356,548	\$ 71,148,288	\$ 16,039,945	\$ 41,977,370	\$ 211,037,053	\$ 415,559,204
Liabilities:						
Accounts Payable	\$ 418,743	250,648	280,486	\$ 95,300	\$ 1,471,907	\$ 2,517,084
Accrued Wages and Benefits	1,329,708	753,264	31,539	-	881,882	2,996,393
Matured Compensated Absences Payable	43,287	2,969	-	-	62,485	108,741
Employee Withholdings and Benefits Payable	9,100,150	378,423	15,619	-	692,918	10,187,110
Due to Other Governments	566,094	185,775	13,772	-	919,011	1,684,652
Due to Other Funds	159,286	-	-	10,569	124,175	294,030
Interfund Payable	-	-	-	-	19,765	19,765
Unearned Revenue	-	-	-	41,871,501	-	41,871,501
Total Liabilities	11,617,268	1,571,079	341,416	41,977,370	4,172,143	59,679,276
Deferred Inflows of Resources:						
Property Taxes	6,477,764	25,020,769	8,502,331	-	14,741,575	54,742,439
Unavailable Revenue - Delinquent Property Taxes	278,159	1,136,439	382,225	-	675,213	2,472,036
Unavailable Revenue - Special Assessments	-	-	-	-	4,497,430	4,497,430
Unavailable Revenue - Intergovernmental	175,077	-	2,095,176	-	11,298,190	13,568,443
Total Deferred Inflows of Resources	6,931,000	26,157,208	10,979,732	-	31,212,408	75,280,348
Fund Balances:						
Nonspendable	706,613	30,740	7,442	-	818,397	1,563,192
Restricted	-	43,389,261	4,711,355	-	175,025,356	223,125,972
Committed	28,493,273	-	-	-	-	28,493,273
Assigned	9,329,233	-	-	-	-	9,329,233
Unassigned (Deficit)	18,279,161	-	-	-	(191,251)	18,087,910
Total Fund Balances	56,808,280	43,420,001	4,718,797	-	175,652,502	280,599,580
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 75,356,548	\$ 71,148,288	\$ 16,039,945	\$ 41,977,370	\$ 211,037,053	\$ 415,559,204

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

LAKE COUNTY, OHIO
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022*

Total Governmental Funds Balance \$ 280,599,580

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 181,431,935

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenues in the funds:

Property Taxes	2,472,036	
Special Assessments	4,497,430	
Intergovernmental	13,568,443	
Total	20,537,909	20,537,909

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due. (72,260)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service funds are included in Governmental Activities in the Statement of Net Position. 16,856,195

The net pension liability/asset and the net OPEB liability are not due and payable in the current period; and the net pension and net OPEB asset are not available for spending in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	21,003,358	
Deferred Inflows - Pension	(56,910,050)	
Net Pension Asset	2,065,485	
Net OPEB Asset	15,788,603	
Net Pension Liability	(45,332,832)	
Deferred Outflows - OPEB	246,456	
Deferred Inflows - OPEB	(16,634,589)	
Total	(79,773,569)	(79,773,569)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds and notes	(14,457,000)	
Special assessment bonds	(4,094,406)	
Unamortized premiums	(200,531)	
Deferral on refunding	66,863	
Compensated absences	(10,397,617)	
Leases	(4,048,995)	
OPWC loans	(368,671)	
Total	(33,500,357)	(33,500,357)

Net Position of Governmental Activities \$ 386,079,433

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

LAKE COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	Developmental		American	Other	Total	
	General	Disabilities	Rescue	Governmental	Governmental	
	Fund	Board	Plan Act	Funds	Funds	
REVENUES						
Property Taxes	\$ 6,659,447	\$ 25,346,875	\$ 8,613,073	\$ -	\$ 15,110,417	\$ 55,729,812
Sales Tax	47,411,885	-	-	-	-	47,411,885
Conveyance and Other Local Taxes	5,077,885	-	-	-	2,409,553	7,487,438
Intergovernmental	9,260,013	12,340,811	7,019,285	2,718,033	30,765,005	62,103,147
Interest	(1,543,020)	-	-	-	156,656	(1,386,364)
Licenses and Permits	1,382,694	-	-	-	898,613	2,281,307
Fines and Forfeitures	2,045,104	-	-	-	940,384	2,985,488
Fees and Charges for Services	8,921,138	-	-	-	12,568,911	21,490,049
Contributions and Donations	-	592,032	-	-	26,704	618,736
Special Assessments	-	-	-	-	6,157,796	6,157,796
All Other Revenues	4,705,333	1,656,464	1,299,724	-	8,756,715	16,418,236
Total Revenues	83,920,479	39,936,182	16,932,082	2,718,033	77,790,754	221,297,530
EXPENDITURES						
Judicial and Public Safety	42,693,045	-	-	-	12,537,031	55,230,076
Health	28,641	-	13,107,945	-	671,718	13,808,304
Human Services	1,139,492	38,181,751	-	-	28,895,134	68,216,377
Community and Economic Development	-	-	-	-	2,508,775	2,508,775
Public Works	193,270	-	-	95,300	21,823,460	22,112,030
General Government	14,908,273	-	-	2,622,733	8,372,618	25,903,624
Capital Outlay	-	-	4,983,187	-	6,276,681	11,259,868
Debt Service:						
Principal Retirement	93,790	-	52,163	-	12,458,981	12,604,934
Interest and Fiscal Charges	802	-	2,997	-	407,774	411,573
Total Expenditures	59,057,313	38,181,751	18,146,292	2,718,033	93,952,172	212,055,561
Excess of Revenues Over (Under) Expenditures	24,863,166	1,754,431	(1,214,210)	-	(16,161,418)	9,241,969
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	50,982	-	-	-	79,565	130,547
Note Issuances	-	-	-	-	10,250,000	10,250,000
Premium on Debt Issuance	-	-	-	-	12,465	12,465
Transfers In	-	-	-	-	30,917,170	30,917,170
Transfers Out	(23,976,498)	(1,750,000)	-	-	(5,090,672)	(30,817,170)
Total Other Financing Sources (Uses)	(23,925,516)	(1,750,000)	-	-	36,168,528	10,493,012
Net Change in Fund Balances	937,650	4,431	(1,214,210)	-	20,007,110	19,734,981
Fund Balances - Beginning of Year	55,870,630	43,415,570	5,933,007	-	155,645,392	260,864,599
Fund Balances - End of Year	\$ 56,808,280	\$ 43,420,001	\$ 4,718,797	\$ -	\$ 175,652,502	\$ 280,599,580

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

LAKE COUNTY, OHIO
*Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2022*

Net Change in Fund Balances-Total Governmental Funds \$ 19,734,981

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	\$ 9,001,952	
Depreciation	(10,905,451)	
Total		(1,903,499)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property and Other Local Taxes	46,439	
Special assessments	(11,611)	
Intergovernmental	2,587,314	
Total		2,622,142

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of debt and the related premiums. (10,262,465)

Repayment of bond principal, notes, OPWC loan, financed purchases, and leases are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 12,732,077

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows

Pension	11,429,144	
OPEB	80,404	
Total		11,509,548

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.

Pension	5,156,106	
OPEB	13,191,561	
Total		18,347,667

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(213,184)	
Accrued interest on bonds	891	
Amortization of bond premiums	61,738	
Amortization of loss on refunding	(23,597)	
Total		(174,152)

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of Internal Service funds are reported in the Governmental Activities. (1,872,150)

Change in Net Position of Governmental Activities \$ 50,734,149

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

LAKE COUNTY, OHIO
*Statement of Revenues, Expenditures, and Changes in Fund Balance-
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2022*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 5,600,000	\$ 6,550,000	\$ 6,560,857	\$ 10,857
Sales Tax	37,600,000	47,300,000	47,302,213	2,213
Conveyances and Other Local Taxes	3,151,000	5,014,000	5,077,885	63,885
Fees and Charges for Services	5,563,159	6,021,209	5,829,103	(192,106)
License and Permits	1,270,000	1,390,000	1,384,413	(5,587)
Fines and Forfeitures	149,000	160,000	163,783	3,783
Intergovernmental	5,589,850	8,886,600	8,926,385	39,785
Interest	1,275,000	3,725,000	3,752,625	27,625
All Other Revenues	2,382,000	3,356,925	3,743,940	387,015
Total Revenues	62,580,009	82,403,734	82,741,204	337,470
Expenditures:				
Current:				
General Government	15,896,112	17,361,587	15,656,982	1,704,605
Judicial and Public Safety	38,515,240	43,490,874	40,737,950	2,752,924
Public Works	208,160	212,260	200,312	11,948
Human Services	1,527,864	1,858,903	1,139,436	719,467
Health	34,059	35,564	28,635	6,929
Total Expenditures	56,181,435	62,959,188	57,763,315	5,195,873
Excess of Revenues Over (Under) Expenditures	6,398,574	19,444,546	24,977,889	5,533,343
Other Financing Sources (Uses)				
Sale of Capital Assets	-	50,000	50,982	982
Advances In	-	-	180,000	180,000
Advances Out	-	(180,000)	(180,000)	-
Transfers In	-	462,480	462,480	-
Transfers Out	(2,331,100)	(24,037,950)	(23,976,497)	61,453
Total Other Financing Sources (Uses)	(2,331,100)	(23,705,470)	(23,463,035)	242,435
Net Change in Fund Balance	4,067,474	(4,260,924)	1,514,854	5,775,778
Fund Balance - Beginning of Year	38,278,211	38,278,211	38,278,211	-
Prior Year Encumbrances Appropriated	863,081	863,081	863,081	-
Fund Balance - End of Year	\$ 43,208,766	\$ 34,880,368	\$ 40,656,146	\$ 5,775,778

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO

*Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Developmental Disabilities Board Fund
For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 24,654,500	\$ 24,990,000	\$ 25,346,875	\$ 356,875
Intergovernmental	11,568,100	11,524,000	12,843,048	1,319,048
Contributions and Donations	4,000	-	3,972	3,972
All Other Revenues	1,049,570	1,210,800	1,653,733	442,933
Total Revenues	<u>37,276,170</u>	<u>37,724,800</u>	<u>39,847,628</u>	<u>2,122,828</u>
Expenditures:				
Current:				
Human Services	43,166,879	43,166,879	38,274,712	4,892,167
Total Expenditures	<u>43,166,879</u>	<u>43,166,879</u>	<u>38,274,712</u>	<u>4,892,167</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,890,709)</u>	<u>(5,442,079)</u>	<u>1,572,916</u>	<u>7,014,995</u>
Other Financing (Uses)				
Transfers Out	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(1,750,000)</u>	<u>2,250,000</u>
Total Other Financing (Uses)	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(1,750,000)</u>	<u>2,250,000</u>
Net Change in Fund Balance	(9,890,709)	(9,442,079)	(177,084)	9,264,995
Fund Balance - Beginning of Year	44,023,807	44,023,807	44,023,807	-
Fund Balance - End of Year	<u>\$ 34,133,098</u>	<u>\$ 34,581,728</u>	<u>\$ 43,846,723</u>	<u>\$ 9,264,995</u>

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO
*Statement of Revenues, Expenditures, and Changes in Fund Balance-
 Budget (Non-GAAP Basis) and Actual*
Board of Alcohol, Drug Addiction & Mental Health Services Fund (ADAMHS BOARD)
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 8,398,000	\$ 8,598,000	\$ 8,613,073	\$ 15,073
Intergovernmental	6,587,840	7,637,840	7,361,806	(276,034)
All Other Revenues	550,000	1,300,000	1,299,724	(276)
Total Revenues	<u>15,535,840</u>	<u>17,535,840</u>	<u>17,274,603</u>	<u>(261,237)</u>
Expenditures:				
Current:				
Health	12,103,148	14,717,708	13,650,342	1,067,366
Capital Outlay	<u>4,650,448</u>	<u>5,713,962</u>	<u>4,983,187</u>	<u>730,775</u>
Total Expenditures	<u>16,753,596</u>	<u>20,431,670</u>	<u>18,633,529</u>	<u>1,798,141</u>
Net Change in Fund Balance	(1,217,756)	(2,895,830)	(1,358,926)	1,536,904
Fund Balance - Beginning of Year	5,574,266	5,574,266	5,574,266	-
Prior Year Encumbrances Appropriated	<u>14,522</u>	<u>14,522</u>	<u>14,522</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,371,032</u>	<u>\$ 2,692,958</u>	<u>\$ 4,229,862</u>	<u>\$ 1,536,904</u>

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO

*Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
American Rescue Plan Act Fund
For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 22,351,873	\$ 22,351,873	\$ 22,351,872	\$ (1)
Total Revenues	<u>22,351,873</u>	<u>22,351,873</u>	<u>22,351,872</u>	<u>(1)</u>
Expenditures:				
Current:				
General Government	2,512,415	11,512,415	2,623,789	8,888,626
Total Expenditures	<u>2,512,415</u>	<u>11,512,415</u>	<u>2,623,789</u>	<u>8,888,626</u>
Net Change in Fund Balance	19,839,458	10,839,458	19,728,083	8,888,625
Fund Balance - Beginning of Year	22,236,872	22,236,872	22,236,872	-
Prior Year Encumbrances Appropriated	12,415	12,415	12,415	-
Fund Balance - End of Year	<u>\$ 42,088,745</u>	<u>\$ 33,088,745</u>	<u>\$ 41,977,370</u>	<u>\$ 8,888,625</u>

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fund Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
ASSETS					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 15,162,261	\$ 19,094,720	\$ 21,275,506	\$ 55,532,487	\$ 16,909,581
Materials and Supplies Inventory	1,697,028	350,564	3,247	2,050,839	33,522
Accounts Receivable	3,222,137	3,606,218	1,210,428	8,038,783	21,503
Due from Other Funds	-	-	-	-	54,290
Due from Other Governments	-	-	-	-	166,433
Prepaid Items	22,755	26,854	4,348	53,957	110
<i>Total Current Assets</i>	<u>20,104,181</u>	<u>23,078,356</u>	<u>22,493,529</u>	<u>65,676,066</u>	<u>17,185,439</u>
Noncurrent Assets:					
Capital Assets:					
Land	1,303,593	1,489,174	1,798,825	4,591,592	-
Construction in Progress	8,105,302	23,490,220	7,295,125	38,890,647	-
Depreciable Assets, Net of Depreciation	91,596,024	115,454,835	6,187,377	213,238,236	-
Net Pension Asset	140,263	157,845	14,397	312,505	376
Net OPEB Asset	1,062,327	1,195,493	109,038	2,366,858	2,846
<i>Total Noncurrent Assets</i>	<u>102,207,509</u>	<u>141,787,567</u>	<u>15,404,762</u>	<u>259,399,838</u>	<u>3,222</u>
Total Assets	<u>122,311,690</u>	<u>164,865,923</u>	<u>37,898,291</u>	<u>325,075,904</u>	<u>17,188,661</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	1,376,210	1,548,721	141,255	3,066,186	3,687
OPEB	15,674	17,638	1,608	34,920	41
Total Deferred Outflows of Resources	<u>1,391,884</u>	<u>1,566,359</u>	<u>142,863</u>	<u>3,101,106</u>	<u>3,728</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	547,530	378,489	608,349	1,534,368	61,789
Accrued Wages and Benefits	217,320	227,003	21,332	465,655	7,353
Customer Deposits Payable	260,960	297,481	-	558,441	-
Retainage Payable	107,783	258,000	153,479	519,262	-
Due to Other Governments	1,361,038	183,371	8,921	1,553,330	3,032
Employee Withholdings and Benefits Payable	98,683	108,852	9,941	217,476	-
Accrued Interest Payable	19,880	31,202	-	51,082	-
Unearned Revenue	1,145,764	1,271,163	-	2,416,927	-
Compensated Absences Payable	100,971	82,205	17,416	200,592	2,532
Claims Payable	-	-	-	-	257,070
General Obligation Bonds Payable	-	52,343	-	52,343	-
Notes Payable	1,650,205	5,865,267	-	7,515,472	-
OWDA Loans Payable	33,648	528,479	-	562,127	-
Other Long Term Debt Payable	41,929	78,430	-	120,359	-
<i>Total Current Liabilities</i>	<u>5,585,711</u>	<u>9,362,285</u>	<u>819,438</u>	<u>15,767,434</u>	<u>331,776</u>
Noncurrent Liabilities:					
Compensated Absences Payable	974,198	793,138	168,039	1,935,375	24,429
General Obligation Bonds Payable	-	1,413,251	-	1,413,251	-
OWDA Loans Payable	394,756	10,329,209	-	10,723,965	-
Other Long Term Debt Payable	608,927	654,812	-	1,263,739	-
Landfill Closure and Post-Closure Costs	-	-	11,488,470	11,488,470	-
Net Pension Liability	2,993,948	3,369,246	307,301	6,670,495	8,021
<i>Total Noncurrent Liabilities</i>	<u>4,971,829</u>	<u>16,559,656</u>	<u>11,963,810</u>	<u>33,495,295</u>	<u>32,450</u>
Total Liabilities	<u>10,557,540</u>	<u>25,921,941</u>	<u>12,783,248</u>	<u>49,262,729</u>	<u>364,226</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	3,851,035	4,333,771	395,273	8,580,079	10,317
OPEB	1,120,965	1,261,481	115,056	2,497,502	3,003
Total Deferred Inflows of Resources	<u>4,972,000</u>	<u>5,595,252</u>	<u>510,329</u>	<u>11,077,581</u>	<u>13,320</u>
NET POSITION					
Net Investment in Capital Assets	98,105,879	121,429,101	14,867,779	234,402,759	-
Unrestricted	10,068,155	13,485,988	9,879,798	33,433,941	16,814,843
Total Net Position	<u>\$ 108,174,034</u>	<u>\$ 134,915,089</u>	<u>\$ 24,747,577</u>	<u>\$ 267,836,700</u>	<u>\$ 16,814,843</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
*Statement of Revenues, Expenditures, and Changes in Net Position-
Proprietary Funds*
For the Year Ended December 31, 2022

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
OPERATING REVENUES					
Water Sales	\$ 16,597,034	\$ -	\$ -	\$ 16,597,034	\$ -
Sewer Charges	-	17,111,867	-	17,111,867	-
Fees, Permits and Tap-Ins	82,583	222,967	-	305,550	-
Charges for Services	458,083	1,958,599	8,066,688	10,483,370	23,030,792
Other Operating Revenues	187,259	19,975	20,078	227,312	850,525
Total Operating Revenues	<u>17,324,959</u>	<u>19,313,408</u>	<u>8,086,766</u>	<u>44,725,133</u>	<u>23,881,317</u>
OPERATING EXPENSES					
Personal Services	2,895,507	3,885,485	701,492	7,482,484	(375,921)
Materials and Supplies	1,946,164	1,686,103	132,231	3,764,498	744,850
Contractual Services	2,104,962	2,226,786	5,194,507	9,526,255	207,498
Depreciation	3,766,988	6,258,373	1,149,804	11,175,165	3,004
Insurance Claims	-	-	-	-	22,942,684
Other	3,062,323	2,423,381	315,506	5,801,210	1,588,410
Total Operating Expenses	<u>13,775,944</u>	<u>16,480,128</u>	<u>7,493,540</u>	<u>37,749,612</u>	<u>25,110,525</u>
Operating Income (Loss)	<u>3,549,015</u>	<u>2,833,280</u>	<u>593,226</u>	<u>6,975,521</u>	<u>(1,229,208)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain on Sale of Capital Assets	18,827	10,116	-	28,943	-
Interest and Fiscal Charges	(19,264)	(403,285)	-	(422,549)	-
Total Nonoperating Revenues (Expenses)	<u>(437)</u>	<u>(393,169)</u>	<u>-</u>	<u>(393,606)</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	3,548,578	2,440,111	593,226	6,581,915	(1,229,208)
Grants and Contributed Capital	1,872,489	2,685,805	-	4,558,294	-
Transfers Out	(50,000)	(50,000)	-	(100,000)	-
Change in Net Position	<u>5,371,067</u>	<u>5,075,916</u>	<u>593,226</u>	<u>11,040,209</u>	<u>(1,229,208)</u>
Net Position - Beginning of Year	102,802,967	129,839,173	24,154,351	256,796,491	18,044,051
Net Position - End of Year	<u>\$ 108,174,034</u>	<u>\$ 134,915,089</u>	<u>\$ 24,747,577</u>	<u>\$ 267,836,700</u>	<u>\$ 16,814,843</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities - Enterprise				Governmental
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 30,623,751	\$ 20,957,424	\$ 7,841,245	\$ 59,422,420	\$ 23,152,112
Other Operating Revenues	187,259	19,975	20,078	227,312	653,617
Cash Payments to Employees for Services	(7,422,952)	(8,184,921)	(747,001)	(16,354,874)	(268,414)
Cash Payments for Supplies	(2,398,526)	(1,602,396)	(86,200)	(4,087,122)	(737,454)
Cash Payments for Contractual Services	(13,854,530)	(2,343,611)	(3,468,460)	(19,666,601)	(186,084)
Cash Payments for Claims	-	-	-	-	(22,943,051)
Other Cash Payments	(2,055,035)	(2,079,565)	(1,742,719)	(5,877,319)	(1,556,365)
Net Cash Provided by (Used for) Operating Activities	<u>5,079,967</u>	<u>6,766,906</u>	<u>1,816,943</u>	<u>13,663,816</u>	<u>(1,885,639)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	5,299,227	5,488,918	4,918,499	15,706,644	-
Transfers Out	(5,349,227)	(5,538,918)	(4,918,499)	(15,806,644)	-
Net Cash (Used for) Noncapital Financing Activities	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Grants Received	62,266	-	-	62,266	-
Proceeds from OPWC Loans	150,000	84,533	-	234,533	-
Proceeds of Notes	1,650,000	5,865,000	-	7,515,000	-
Premium on Note Issuances	4,920	6,410	-	11,330	-
Proceeds from Sale of Capital Assets	18,827	21,116	-	39,943	-
Principal Paid on Debt	(2,071,827)	(8,104,737)	-	(10,176,564)	-
Interest Paid on Debt	(24,042)	(416,717)	-	(440,759)	-
Payments for Capital Acquisitions	(4,940,392)	(5,987,666)	(2,945,401)	(13,873,459)	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(5,150,248)</u>	<u>(8,532,061)</u>	<u>(2,945,401)</u>	<u>(16,627,710)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,281)	(1,815,155)	(1,128,458)	(3,063,894)	(1,885,639)
Cash and Cash Equivalents - Beginning of Year	15,282,542	20,909,875	22,403,964	58,596,381	18,795,220
Cash and Cash Equivalents - End of Year	<u>\$ 15,162,261</u>	<u>\$ 19,094,720</u>	<u>\$ 21,275,506</u>	<u>\$ 55,532,487</u>	<u>\$ 16,909,581</u>

(Continued)

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2022

	Business-Type Activities				Governmental
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 3,549,015	\$ 2,833,280	\$ 593,226	\$ 6,975,521	\$ (1,229,208)
Adjustments:					
Depreciation	3,766,988	6,258,373	1,149,804	11,175,165	3,004
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(453,187)	(1,122,983)	(225,443)	(1,801,613)	(4,767)
Unbilled Accounts Receivable	1,962,390	2,710,209	-	4,672,599	-
Due from Other Governments	-	-	-	-	(46,852)
Materials and Supplies Inventory	(390,570)	160,226	(560)	(230,904)	7,482
Due from Other Funds	-	-	-	-	(23,969)
Prepaid Items	(1,834)	3,038	(505)	699	12
Net Pension Asset	(8,870)	(21,333)	(5,865)	(36,068)	8,156
Net OPEB Asset	(254,429)	(356,118)	(56,577)	(667,124)	49,615
Deferred Outflows of Resources - Pension and OPEB	(4,493)	(124,915)	(52,776)	(182,184)	86,359
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	(92,661)	(54,465)	(44,347)	(191,473)	6,976
Accrued Wages	28,129	9,361	741	38,231	1,394
Due to Other Funds	(6,865)	(2,372)	-	(9,237)	(292)
Due to Other Governments	1,207,796	79,416	(94,380)	1,192,832	(1,102)
Customer Deposits	48,055	76,765	-	124,820	-
Payroll Withholdings Payable	626	3,686	851	5,163	-
Compensated Absences Payable	103,359	67,520	53,097	223,976	(8,687)
Retainage Payable	22,590	126,377	32,301	181,268	-
Landfill Closure and Post-Closure Costs	-	-	452,475	452,475	-
Claims Payable	-	-	-	-	47,629
Net Pension Liability	(3,835,853)	(3,726,651)	(136,193)	(7,698,697)	(438,400)
Net OPEB Liability	-	-	-	-	2,927
Deferred Inflows of Resources - Pension and OPEB	(560,219)	(152,508)	151,094	(561,633)	(345,916)
Net Cash Provided by (Used for) Operating Activities	\$ 5,079,967	\$ 6,766,906	\$ 1,816,943	\$ 13,663,816	\$ (1,885,639)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
In 2022, the County received infrastructure donations from developers	\$ 1,810,223	\$ 2,685,805	\$ -	\$ 4,496,028	\$ -
The net impact of accruals related to capital assets	\$ 24,864	\$ 346,317	\$ (335,540)	\$ 35,641	\$ -

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2022

	Custodial
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 24,446,993
Cash and Cash Equivalents in Segregated Accounts	2,435,902
Receivables:	
Due from Other Governments	2,098,977
Property Taxes	392,812,914
Special Assessments	25,578,992
Total Assets	447,373,778
LIABILITIES	
Due to Other Governments	20,102,985
Total Liabilities	20,102,985
DEFERRED INFLOWS OF RESOURCES	
Special Assessments	20,879,967
Property Taxes	390,340,878
Total Deferred Inflows of Resources	411,220,845
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	16,049,948
Total Net Position	\$ 16,049,948

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

LAKE COUNTY, OHIO
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2022

	Custodial
ADDITIONS	
Intergovernmental	\$ 26,269,299
Amounts Received as Fiscal Agent	15,653,584
Special Assessment Collections for Other Governments	8,563,546
Property Tax Collections for Other Governments	462,752,569
Licenses, Permits, & Fees Distributions for Other Governments	1,090,893
Fines and Forfeitures for Other Governments	7,052,976
Total Additions	521,382,867
DEDUCTIONS	
Distributions to the State of Ohio	8,394,743
Distributions of State Funds to Other Governments	16,617,113
Property Tax Collections to Other Governments	462,756,020
Special Assessment Collections to Other Governments	8,631,742
Distributions as Fiscal Agent	24,516,424
Total Deductions	520,916,042
Net Increase in Fiduciary Net Position	466,825
Net Position - Beginning of Year	15,583,123
Net Position - End of Year	\$ 16,049,948

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

Notes to the Basic Financial Statements

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – DESCRIPTION OF LAKE COUNTY

Lake County was established in March 1840 by an act of the Ohio General Assembly. Situated on Lake Erie in the extreme northeastern part of Ohio, the County operates as a political subdivision of the State of Ohio, exercising only those powers and powers incidental thereto, conferred by the Ohio Legislature. Lake County voters elect a total of eleven legislative and administrative county officials. The three-member Board of Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer and tax assessor. The County Treasurer serves as the custodian of all County funds and as tax collector. In addition, there are six other elected administrative officials provided for by Ohio law, which include the Clerk of Courts, Coroner, Engineer, Prosecutor, Recorder, and Sheriff. The judicial branch of the County is comprised of four Common Pleas Court Judges, one Domestic Relations Court Judge, one Juvenile Court Judge, one Probate Court Judge and two Court of Appeals Judges.

Lake County provides a myriad of services to its approximately 230,000 residents. The County offers a wide range of human and social services, health and community assistance services, law enforcement services, road and building maintenance services as well as other general and administrative support services. Additionally, Lake County operates a water distribution, a wastewater collection system, a solid waste disposal system and a solid waste-recycling program.

REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lake County, this includes the Children’s Services Board, the Developmental Disabilities Board, the Alcohol, Drug Addiction and Mental Health Services Board, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt or the levying of taxes.

Discretely Presented Component Units

The component unit columns in the financial statements identify the financial data of the County’s component units, Deep wood Industries, Inc. and the Lake Development Authority. They are reported separately to emphasize that they are legally separate from the County.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – DESCRIPTION OF LAKE COUNTY (CONTINUED)

REPORTING ENTITY (Continued)

Discretely Presented Component Units (Continued)

DEEPWOOD INDUSTRIES, INC. (The Workshop)

Deepwood Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Lake County Developmental Disabilities Board (the DD Board), provides a comprehensive program of services, including employment, for developmentally disabled citizens of Lake County. The DD Board provides the Workshop with expenses and personnel for operation of the Workshop, including staff salaries and benefits, equipment and other support services necessary for the implementation of the programs offered by the Workshop. The Workshop cannot issue bonded debt or levy taxes and, thus, is not fiscally independent. Since the Workshop is fiscally dependent on the County and since the Workshop provides services to other agencies in addition to the County government, Deepwood Industries, Inc. is reflected as a component unit of Lake County. Separately issued financial statements can be obtained from Deepwood Industries, Inc., 8121 Deepwood Blvd., Mentor, OH 44060.

LAKE DEVELOPMENT AUTHORITY (the Development Authority)

The Lake Development Authority was established by the Board of the Lake County Commissioners in 2007 as a body corporate and politic for the purpose of promoting projects that will provide for the creation of jobs and employment opportunities and improve the economic welfare of the people residing in Lake County, as well as to encourage projects to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research within the territory served by the Development Authority. The Development Authority is governed by a seven-member Board of Directors, each of whom is appointed by the Board of County Commissioners. The Board of County Commissioners can remove any appointed member of the Board of Directors and can also dissolve the Development Authority upon adoption of a resolution. As a result, the Development Authority is reflected as a component unit of Lake County. Separately issued financial statements can be obtained from the Lake County Ohio Development Authority, 1 Victoria Place, Suite 265A, Painesville, OH 44077.

Information in the following notes to the basic financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – DESCRIPTION OF LAKE COUNTY (CONTINUED)

REPORTING ENTITY (Continued)

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the Lake County General Health District and the Lake County Soil and Water Conservation District, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of these agencies are presented as custodial funds within the basic financial statements.

Related Organizations

The following entities are considered related organizations to the reporting entity. This decision was based on the fact that although the Board of Commissioners or County Probate Judge appoints the majority of the board members of each of these entities, the County is not fiscally accountable for any of these organizations. The Board of County Commissioners or County Probate Judge cannot impose its will on any of these entities in any manner, nor does there exist any financial benefit or burden relationship between any of these entities and the County. The entities that were determined to be related organizations are:

LAKE METROPARKS

The three Park District Commissioners are appointed by the Probate Judge of the County. The District hires and fires staff, and does not rely on the County to finance deficits. The County is not financially accountable for the District nor is the District financially dependent on the County. The District serves as its own taxing and debt issuance authority and does not receive any funding from the County.

LAKELAND COMMUNITY COLLEGE

Lakeland Community College is designated as a distinct political subdivision and corporate body that provides higher education opportunities to the residents of Lake County. No financial relationship exists between the County and the College. Although the Board of County Commissioners appoints the majority of Lakeland's board members, the College has complete control of its fiscal officers and operations.

LAKETRAN

Laketrans provides bus transportation services to the residents of Lake County. Laketrans is a distinct political subdivision of the State and a separate corporate body. Although all board members are appointed by the Board of County Commissioners, the Laketrans Board has the separate governing authority to levy and collect taxes, adopt its own budget, issue bonds and control its own operations.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – DESCRIPTION OF LAKE COUNTY (CONTINUED)

REPORTING ENTITY (Continued)

LAKE COUNTY LIBRARY DISTRICT

The Morley Library provides library services to residents living in the City of Painesville, Grand River Village, a portion of Concord Township, Leroy Township and Painesville Township. Although the Board of County Commissioners appoints a majority of the Library District's board members, the County cannot impose its will on the Library District nor is there a financial benefit received by, or burden placed on, the County with respect to the Library District.

LAKE HEALTH

Lake Health is a private, not-for-profit healthcare provider with multiple facilities throughout Lake County. Although all board members are appointed by the Board of County Commissioners, the County cannot impose its will on Lake Health nor is there a financial benefit received by, or burden placed on, the County with respect to Lake Health.

Jointly Governed Organizations

The County is a participant in the following Jointly Governed Organizations:

NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM FACILITY (NEOCAP)

The Northeast Ohio Community Alternative Program Facility is a community-based corrections facility that provides residents of the facility educational, vocational, substance abuse and support counseling services. The facility is administered by a judicial corrections board consisting of seven common pleas court judges. The members consist of two judges each from Trumbull and Lake Counties, and one judge each from Ashtabula, Geauga and Portage Counties. The Board adopts its own budget, authorizes expenditures and hires and fires its own staff. Funding is provided by the State of Ohio. Financial statements can be obtained from Northeast Ohio Community Alternative Program Facility at 411 Pine Avenue SE, Warren, OH 44483.

NORTHEAST OHIO NETWORK (NEON)

NEON is a council of governments formed to provide a regional effort in administering, managing, and operating programs for certain individuals with developmental disabilities. Participating counties include Geauga, Ashland, Ashtabula, Cuyahoga, Columbiana, Lorain, Lake, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull and Wayne Counties. NEON's operation is controlled by their Board, which is comprised of the superintendents of the Board of Developmental Disabilities of each participating county. NEON adopts its own budget, authorizes expenditures and hires and fires its own staff. During 2022, NEON received sufficient revenues from State grant monies and no additional funds were needed from Lake County. Financial statements can be obtained from North East Ohio Network at 5121 Mahoning Ave, Suite 103, Austintown, OH 44515.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – DESCRIPTION OF LAKE COUNTY (CONTINUED)

Jointly Governed Organizations (Continued)

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY (NOACA)

Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five-county region. NOACA is controlled by 37 members including the three County Commissioners. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. In 2022, the County did not contribute to NOACA. Financial statements can be obtained from Northeast Ohio Areawide Coordinating Agency at 1299 Superior Avenue, Cleveland, OH 44114.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The most significant of the County's accounting policies are described below.

BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County 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 County 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

FUND ACCOUNTING

The County, the Workshop and the Development Authority use funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (Continued)

Governmental Funds (Continued):

General Fund: The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Board of Developmental Disabilities: The developmental disabilities board fund accounts for the operation of a school and resident homes for the developmentally disabled. Revenue sources include a county-wide property tax levy and federal and state grants.

Board of Alcohol, Drug Addiction and Mental Health Services: The mental health board fund accounts for federal and state grants and county-wide property tax levies that are expended primarily to pay the costs of contracts with local mental health agencies that provide services to the public at large.

American Rescue Plan Act: The American rescue plan act fund accounts for federal grants that are expended to support urgent COVID-19 response efforts, replace lost revenue, support immediate economic stabilization, and to address systemic public health and economic challenges.

The other governmental funds of the County account for grants, special assessments and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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 County's major enterprise funds:

Water: The County provides water to residential, commercial and industrial customers. Revenue generated through user charges is used for operation, maintenance and capital improvements of the water distribution system.

Wastewater: The County provides sanitary sewer service to residential, commercial and industrial customers. Wastewater charges are based on water usage or fixed fees and serve as the major revenue source for financing the operations and maintenance of the wastewater system.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (Continued)

Proprietary Funds (Continued)

Solid Waste: This fund is used to account for the financial operations of the County's solid waste removal and landfill activities. Revenues are generated primarily from user tipping fees.

Internal Service Funds: Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's Internal Service Funds are the Central Purchasing, Mailroom and Garage funds, each of which account for the activities of those departments who provide those respective services to other County departments. In addition, the Prescription Self-Insurance, Dental Self-Insurance and Hospitalization Self-Insurance funds account for the prescription, dental and hospitalization benefits programs offered by the County, which are self-insured.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The County does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The County's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the County as fiscal agent for the Lake County General Health District and the Lake County Soil and Water Conservation District and other districts and entities; for various taxes, assessments, fines and fees collected for the benefit of and distributed to other governments; for State shared resources received from the State and distributed to other local governments, and for various fines and fees collected and distributed through the courts for the benefit of others.

MEASUREMENT FOCUS

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

The Workshop has adopted Financial Accounting Standard Board Statement of Accounting Standards (FAS) No. 117 (Financial Statements of Not-for-Profit Organizations) for presentation of its financial statements. As such, the financial statements are presented on the basis of unrestricted and restricted net position.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds, the Workshop and the Development Authority also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-exchange Transactions (Continued)

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end. Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note L). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax, interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes) and fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources include a deferred charge on refunding, pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes J and K.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, pension and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations.

These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the statements of net position (see Notes J and K).

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County unavailable revenue includes delinquent property taxes, special assessments, intergovernmental grants, State assistance receipts and other receivables collected outside of the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The Workshop and the Development Authority each allocates their expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on estimates established by each entity.

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 resolutions, 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 the County may appropriate. The appropriations resolution is the Commissioner's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. The legal level of control is at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Commissioners. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2022.

The appropriation resolution 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS (Continued)

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners during the year.

Tax Budget

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2022.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, program, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS (Continued)

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the County Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end within the general fund are reported as assigned fund balance for subsequent-year expenditures of the fund.

Budgetary information for the Workshop and the Development Authority is not reported because neither of the component units are included in the entity for which the “appropriated budget” is adopted and neither adopt a separate budget.

POOLED CASH AND CASH EQUIVALENTS

The County Treasurer invests all active County funds. Active County funds are invested in federal agency obligations, commercial paper and municipal bonds. Inactive funds are invested in certificates of deposit and the State Treasurer’s Investment Pool. The County pools its cash for investment purposes to capture the highest return. Investment income is distributed to various funds based upon their average daily cash balances. Investments are reported at fair value, which is based on quoted market prices. Interest income earned in the General Fund in 2022 totaled a deficit of \$1,543,020, which includes \$1,460,314 assigned from funds other than the General Fund. For purposes of reporting cash flows, cash and cash equivalents include all cash items, investments and deposits which can readily be converted into cash. Certificates of deposit are included regardless of initial maturity as they meet the criteria for ready conversion.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

POOLED CASH AND CASH EQUIVALENTS (Continued)

STAR 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 County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

INVENTORY OF SUPPLIES

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

INTERFUND RECEIVABLES

Non-current portions of long-term interfund loan receivables are reported as interfund receivables and are offset by a nonspendable fund balance. Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND BALANCES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “due to/from other funds”. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CAPITAL ASSETS

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County’s infrastructure consists of roads, bridges, and culverts. Water and sanitary sewers and the associated operation facilities, as well as the County’s landfill facilities are reported as utility plant in service. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated or amortized except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 Years	20 Years
Buildings and other Structures	20-45 Years	20-45 Years
Furniture, Fixtures and Equipment	3-20 Years	3-20 Years
Infrastructure	30-65 Years	30-65 Years

The County is reporting an intangible right to use asset related to leased buildings. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, net pension liability, net OPEB liability and special termination benefits are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability in the fund financial statements when due.

COMPENSATED ABSENCES

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences” as interpreted by Interpretation No. 6 of the GASB, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements”.

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Employees earn vacation time at varying rates depending on the duration of their employment. There is no requirement that annual leave be taken, but Ohio law requires vacation not be accumulated more than three (3) years.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County’s past experience of making termination payments.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the County 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 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted 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 a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the County 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 balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners, which may be expressed by a motion but need not be passed by formal action, such as a resolution.

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

The County has a General Fund budget stabilization arrangement classified as committed. The County established a budget stabilization by resolution to provide options to stabilize against cyclical changes in revenues and expenditures. The balance in the reserve at December 31, 2022 is \$9,042,400.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include, among others, funds for the operation of a school; resident homes for the developmentally disabled; the medical, financial and social support to general relief recipients; the support and placement of children; County road and bridge repair/improvement programs; various judicial and public safety programs and other grant funds.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for providing water service, providing wastewater treatment service, utilization of the County landfill, fees for services provided by internal service departments to other departments, and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are classified as nonoperating.

INTERFUND TRANSACTIONS

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BOND PREMIUM

On the government-wide financial statements and the statement of fund net position of the proprietary funds, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On fund statements, bond premiums are received in the year the bonds are issued.

PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension liability/OPEB, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE C – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

During the year, the County implemented the following Governmental Accounting Standards Board (GASB) Statements and Implementation Guides:

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of this Statement did not have an effect on the financial statements of the County.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE C – CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

Change in Accounting Principles

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this Statement did not have an effect on the financial statements of the County.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the County.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this Statement did not have an effect on the financial statements of the County.

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. These changes were incorporated in the County's fiscal year 2022 financial statements. The County recognized \$4,630,875 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by the intangible asset, right to use lease - buildings.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE D – BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) are presented in the basic financial statements for the General Fund and Major Special Revenue Funds. The major differences between the budget basis and the GAAP basis are:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Advances in and out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- (d) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than part of restricted, committed and assigned fund balances (GAAP basis) for governmental funds.
- (e) *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This included the Certificate of Title Administration special revenue fund.

Net Change in Fund Balance
General and Major Special Revenue Funds

	General	MRDD Board	ADAMHS Board	American Rescue Plan Act
GAAP Basis	\$937,650	\$4,431	(\$1,214,210)	\$0
Net Adjustment for Revenue Accruals	9,086,272	(88,554)	342,521	19,633,839
Advances In	180,000	-	-	0
Advances Out	(180,000)	-	-	0
Beginning Fair Value Adjustment	(56,142)	-	-	0
Ending Fair Value Adjustment	(9,333,745)	-	-	0
Beginning Custodial Fund Adjustment	(9,717,218)	-	-	0
Ending Custodial Fund Adjustment	9,752,941	-	-	0
Net Adjustment for Expenditure Accruals	1,230,972	50,815	(64,290)	94,244
Adjustment for Funds Budgeted as Special Revenue	494,680	-	-	0
Adjustment for Encumbrances	(880,556)	(143,776)	(422,947)	0
Budget Basis	<u>\$1,514,854</u>	<u>(\$177,084)</u>	<u>(\$1,358,926)</u>	<u>\$19,728,083</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE E – DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

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

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash by the County, 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 the County 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 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.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations.
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, 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 certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name.

DEPOSITS

Custodial Credit Risk

At December 31, 2022, the carrying amount of the County's deposits was \$25,315,610. Based on the criteria described in GASB 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, \$31,487,963 of the County's bank balance of \$32,737,963 was exposed to custodial risk as discussed below, while \$1,250,000 was covered by the Federal Deposit Insurance Corporation (FDIC). Although all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

DEPOSITS (CONTINUED)

Custodial credit risk is the risk that, in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in possession of an outside party. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured, or (2) 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 102% of the deposits being secured or a rate set by the Treasurer of State. For 2022, the County’s financial institutions were approved for a collateral rate of 102% through the OPCS.

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

INVESTMENTS

As of December 31, 2022, the County had \$157,199,358 invested in STAR Ohio. The County’s investments are valued using quoted market prices (level 1 inputs).

Investments are reported at fair value. As of December 31, 2022, the County had the following investments:

Investment Type	Investment Maturities			Total
	Less than Six Months	More Than Six Months But Less Than One Year	More Than One Year But Less Than Three Years	
Treasury Note	\$ 3,474,842	\$ 5,818,068	\$ 38,122,123	\$ 47,415,033
Federal Farm Credit Bank Bonds	-	10,167,644	39,285,599	49,453,243
Federal Home Loan Bank	-	6,382,680	27,577,479	33,960,159
Federal Home Loan Mortgage Corporation	-	6,349,704	1,798,660	8,148,364
CB and AGM	11,727,965	1,713,268	12,687,389	26,128,622
Federal National Mortgage Association	-	-	18,208,055	18,208,055
FAMCA	-	-	3,136,175	3,136,175
Mortgage	1,483,710	-	-	1,483,710
FMCC	3,581,691	1,939,520	3,453,826	8,975,037
Commercial Paper	13,236,322	10,108,407	-	23,344,729
Municipal & Ohio Entities	-	5,823,920	3,159,750	8,983,670
STAROhio	157,199,358	-	-	157,199,358
Total Portfolio	<u>\$ 190,703,888</u>	<u>\$ 48,303,211</u>	<u>\$ 147,429,056</u>	<u>\$ 386,436,155</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily within five years from the date of purchase and that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of this policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The Federal Home Loan Bank Notes, the Federal Farm Credit Bank Bonds and the Municipal and Commercial Paper carry a rating of AAA by Standard & Poor's and STAR Ohio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, the Federal Farm Credit Bank, the Corporate Note and the Municipal and Commercial Paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Treasury Note	\$ 47,415,033	12.3%
Federal Farm Credit Bank Bonds	49,453,243	12.8%
Federal Home Loan Bank	33,960,159	8.8%
Federal Home Loan Mortgage Corporation	8,148,364	2.1%
CB and AGM	26,128,622	6.8%
Federal National Mortgage Association	18,208,055	4.7%
FAMCA	3,136,175	0.8%
Mortgage	1,483,710	0.4%
FMCC	8,975,037	2.3%
Commercial Paper	23,344,729	6.0%
Municipal & Ohio Entities	8,983,670	2.3%
STAROhio	157,199,358	40.7%
Total Investments	<u>\$ 386,436,155</u>	<u>100.0%</u>

COMPONENT UNITS

At December 31, 2022, the carrying amount of Deepwood Industries, Inc. Workshop's deposits was \$695,753. Based on the criteria described in GASB Statement No. 40 "Deposits and Investments Risk Disclosures", as of December 31, 2022, none of the Workshop's bank balance of \$100,167 was exposed to custodial risk, meaning the full amount of the balance was covered by the Federal Depository Insurance Corporation. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

At December 31, 2022, the carrying amount of all Development Authority deposits was \$1,551,480 and the bank balance of all Authority deposits was \$1,556,990. \$422,415 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and \$1,134,575 was potentially exposed to custodial credit risk as discussed below.

As of December 31, 2022, the Development Authority had \$984,416 invested in STAR Ohio. The Development Authority's investments are valued using quoted market prices (level 1 inputs).

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE F – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2022, was as follows:

	Restated Balance 01/01/2022	Additions	Deletions	Balance 12/31/2022
Governmental Activities				
<i>Capital Assets Not Being Depreciated/Amortized:</i>				
Land	\$ 3,274,075	\$ 1,849,660	\$ -	\$ 5,123,735
Construction in Progress	44,156,367	1,923,383	(364,484)	45,715,266
<i>Total Capital Assets Not Being Depreciated/Amortized</i>	<u>47,430,442</u>	<u>3,773,043</u>	<u>(364,484)</u>	<u>50,839,001</u>
<i>Capital Assets, Being Depreciated/Amortized:</i>				
Land Improvements	1,676,253	-	-	1,676,253
Buildings & Other Structures	104,554,658	284,252	-	104,838,910
Intangible Right-to-use Lease - Buildings	4,630,875	-	-	4,630,875
Furniture, Fixtures & Equipment	48,027,674	3,194,790	(238,166)	50,984,298
Infrastructure	150,627,050	2,114,351	-	152,741,401
<i>Total Capital Assets, Being Depreciated/Amortized</i>	<u>309,516,510</u>	<u>5,593,393</u>	<u>(238,166)</u>	<u>314,871,737</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(818,080)	(20,933)	-	(839,013)
Buildings & Other Structures	(64,270,611)	(2,756,352)	-	(67,026,963)
Intangible Right-to-use Lease - Buildings	-	(600,379)	-	(600,379)
Furniture, Fixtures & Equipment	(33,817,888)	(3,236,906)	238,166	(36,816,628)
Infrastructure	(74,704,939)	(4,290,881)	-	(78,995,820)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(173,611,518)</u>	<u>(10,905,451)</u> *	<u>238,166</u>	<u>(184,278,803)</u>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<u>135,904,992</u>	<u>(5,312,058)</u>	<u>-</u>	<u>130,592,934</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 183,335,434</u>	<u>\$ (1,539,015)</u>	<u>\$ (364,484)</u>	<u>\$ 181,431,935</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$ 931,118
Judicial and Public Safety	3,557,008
Public Works	4,892,384
Human Services	1,366,260
Health	155,681
Total	<u>\$ 10,902,451</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE F – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 01/01/2022	Additions	Reductions	Balance 12/31/2022
Business-Type Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 4,602,592	\$ -	\$ (11,000)	\$ 4,591,592
Construction in Progress	31,588,162	14,985,568	(7,683,083)	38,890,647
<i>Total Capital Assets Not Being Depreciated</i>	<u>36,190,754</u>	<u>14,985,568</u>	<u>(7,694,083)</u>	<u>43,482,239</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	383,823	-	-	383,823
Utility Plant in Service	487,378,176	10,864,169	-	498,242,345
Furniture, Fixtures and Equipment	11,615,817	167,192	(73,196)	11,709,813
<i>Total Capital Assets, Being Depreciated</i>	<u>499,377,816</u>	<u>11,031,361</u>	<u>(73,196)</u>	<u>510,335,981</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(360,799)	(4,543)	-	(365,342)
Utility Plant in Service	(275,474,011)	(10,436,816)	-	(285,910,827)
Furniture, Fixtures and Equipment	(10,160,966)	(733,806)	73,196	(10,821,576)
<i>Total Accumulated Depreciation</i>	<u>(285,995,776)</u>	<u>(11,175,165)</u>	<u>73,196</u>	<u>(297,097,745)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>213,382,040</u>	<u>(143,804)</u>	<u>-</u>	<u>213,238,236</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 249,572,794</u>	<u>\$ 14,841,764</u>	<u>\$ (7,694,083)</u>	<u>\$ 256,720,475</u>

NOTE G – INTERFUND TRANSACTIONS

Due to/from other funds and interfund payables and receivables balances at December 31, 2022, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occurred, (2) transactions are recorded in the accounting records, and (3) payments between funds are made.

	Interfund Receivables	Interfund Payables
General Fund	\$ 19,765	\$ -
Domestic Relations	-	19,765
Total	<u>\$ 19,765</u>	<u>\$ 19,765</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

	Due From	Due To
Governmental Funds:		
General Fund	\$29,896	\$159,286
American Rescue Plan Act Fund	-	10,569
Other Nonmajor Governmental Funds	209,844	124,175
<i>Total Governmental Funds</i>	239,740	294,030
Proprietary Funds:		
Internal Service Funds	54,290	-
<i>Total Proprietary Funds</i>	54,290	-
Total	\$294,030	\$294,030

NOTE H – LONG-TERM DEBT

The issue date, interest rates and issuance amount for each of the County’s bonds and loans follows:

	Issuance Date	Maturity Date	Original Interest Rate	Original Issue Amount
Governmental Activities:				
General Obligation Bonds:				
County Building Improvement & Refunding	2013	2025	1.25% - 3.50%	\$9,435,000
Dog Shelter Renovation Refunding	2021	2032	1.63%	952,000
Special Assessment Bonds:				
Concord, Lane, Shepard, Lockwood 234S, 212W, 240W	2002	2022	2.00% - 4.75%	2,862,500
Windpoint Reserve, McMackin, South Ridge, Shepard, Baldwin, Althea, Dormae Roads 242S, 243W, 248W 249W, 250W, 251W, 253W	2004	2024	2.00% - 5.35%	1,610,000
Mount Royal, Spring Lake, Spring Lake Loop 241W, 246W, 265W	2005	2025	3.50% - 5.00%	670,000
Route 20 East of Lane, Perry Village, Ashview, Meadow Wood, Perry Park Road 244S, 258S, 274S, 262W, 300W	2009	2029	2.00% - 5.25%	1,857,000
Maple Street 291S	2009	2029	2.00% - 5.25%	540,000
Kirtland Sanitary Sewer	2013	2042	2.00% - 3.75%	3,538,451

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

<i>Governmental Activities (Continued):</i>	<u>Date</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>
<i>OPWC Loans:</i>				
CG71M - Mill-Moor Drive, Ravenna Road	2010	2025	0.00%	218,009
CG34L - River Road Safety Improvement Phase II	2010	2030	0.00%	588,000
CG22P - Blasé' Nemeth Widening	2013	2029	0.00%	8,327
CG05P - Vrooman Road, State Route 86	2013	2029	0.00%	82,048
CG13T - Auburn and Hardy Roads	2018	2032	0.00%	11,896
CG06U - Hoose Road/Andrea Bridge Improvements	2019	2033	0.00%	150,000
<i>Business-Type Activities:</i>				
<i>General Obligation Bonds:</i>				
Concord Area 234S	2002	2022	2.00% - 4.75%	1,742,500
Kirtland Sanitary Sewer 284S	2012	2042	2.00% - 3.75%	1,896,549
<i>OWDA Loans</i>				
Madison Township WWTP Expansion	2015	2039	2.74% - 3.24%	12,442,917
City of Willoughby Hills	2006	2025	3.03%	488,959
Aquarius Water Treatment Plant	2018	2038	3.00%	557,419
<i>OPWC Loans</i>				
CG17K - Mentor Headlands San Sewer Replacement	2010	2029	0.00%	142,683
CG02M - Dundee Glasgow & Kelso Sewer	2011	2041	0.00%	8,402
CG38O - Bellflower Area Outlet Sewer Replace	2013	2033	0.00%	50,000
CG10P - Glyco Forcemain Replacement	2015	2036	0.00%	50,000
CG46O - Cedar Park Woodland Sewer Phase II	2016	2036	0.00%	249,970
CG11K - Hubbard Road Waterline	2012	2032	0.00%	49,550
CG37P - Lakeshore Boulevard Waterline	2015	2036	0.00%	235,000
CG02O - Johnny Cake Ridge Road Waterline	2016	2037	0.00%	98,381
CG40T - Nan Linn Road Waterline Project	2017	2037	0.00%	118,475
CG26R - Mentor Marsh Sanitary Interceptor Project	2018	2038	0.00%	50,000
CG52T - Deerfield Relief Sewer	2018	2038	0.00%	15,756
CG37U - Strawberry Lane Waterline Replacement	2018	2038	0.00%	37,216
CG30U - Prouty & Glyco Rehab Project	2019	2039	0.00%	150,000
CG28W - Erie Street & Waterline Replacement	2020	2040	0.00%	150,000
CG34V - Mantle Road Waterline	2022	2042	0.00%	150,000
CG50Y - Lakeshore Truck Sewer	2022	2042	0.00%	167,000

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

Changes in long-term obligations during the year ended December 31, 2022 consist of the following:

	Restated Balance 12/31/21	Additions	Deductions	Balance 12/31/22	Due in One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
County Building Improvement & Refunding-2013	\$ 4,370,000	\$ -	\$ (1,035,000)	\$ 3,335,000	\$ 1,075,000
Dog Shelter Renovation Refunding	952,000	-	(80,000)	872,000	83,000
<i>Total General Obligation Bonds- Unvoted</i>	<u>5,322,000</u>	<u>-</u>	<u>(1,115,000)</u>	<u>4,207,000</u>	<u>1,158,000</u>
<i>Special Assessment Bonds:</i>					
Concord Area, Lane, Shepard, Lockwood	207,900	-	(207,900)	-	-
Windpoint Reserve, McMackin, South Ridge, Shepard, Baldwin, Althea, Dormae Roads	345,000	-	(110,000)	235,000	115,000
Mount Royal, Spring Lake, Spring Lake Loop	185,000	-	(45,000)	140,000	45,000
Route 20 East of Lane, Perry Village, Ashview, Meadow Wood, Perry Park	845,000	-	(105,000)	740,000	110,000
Maple Street	275,000	-	(30,000)	245,000	30,000
Kirtland Sanitary Sewer	2,828,808	-	(94,402)	2,734,406	97,657
<i>Total Special Assessment Bonds:</i>	<u>4,686,708</u>	<u>-</u>	<u>(592,302)</u>	<u>4,094,406</u>	<u>397,657</u>
<i>Other Long-Term Obligations:</i>					
OPWC-Mill-Morr Drive, Ravenna Road	43,601	-	(14,534)	29,067	14,534
OPWC-River Road Safety Improvement	235,200	-	(29,400)	205,800	29,400
OPWC-Blasé Nemeth Widening	3,609	-	(555)	3,054	555
OPWC-Vrooman Road-State Route 86	38,288	-	(5,470)	32,818	5,470
OPWC-Auburn and Hardy Roads	8,725	-	(793)	7,932	793
OPWC-Hoose Road/Andrea Bridge Improvements	105,000	-	(15,000)	90,000	15,000
Unamortized Premium on Debt Issues	260,672	-	(61,738)	198,934	-
Notes Payable***	10,258,409	10,262,465	(10,269,277)	10,251,597	-
Financed Purchases Payable	107,866	-	(107,866)	-	-
Leases	4,630,875	-	(581,880)	4,048,995	561,664
Compensated Absences	10,184,433	1,293,786	(1,080,602)	10,397,617	986,275
<i>Total Other Long-Term Obligations</i>	<u>25,876,678</u>	<u>11,556,251</u>	<u>(12,167,115)</u>	<u>25,265,814</u>	<u>1,613,691</u>
<i>Total Before Net Pension & OPEB Liabilities</i>	<u>35,885,386</u>	<u>11,556,251</u>	<u>(13,874,417)</u>	<u>33,567,220</u>	<u>3,169,348</u>
<i>Net Pension Liability:</i>					
OPERS	74,329,519	-	(30,241,157)	44,088,362	-
STRS	723,596	520,874	-	1,244,470	-
<i>Total Net Pension Liability</i>	<u>75,053,115</u>	<u>520,874</u>	<u>(30,241,157)</u>	<u>45,332,832</u>	<u>-</u>
<i>Total Governmental Long-Term Obligations</i>	<u>\$ 110,938,501</u>	<u>\$ 12,077,125</u>	<u>\$ (44,115,574)</u>	<u>\$ 78,900,052</u>	<u>\$ 3,169,348</u>

***See Note I for detail on the long-term notes payable.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

<i>Business-Type Activities:</i>	Balance 12/31/21	Additions	Deductions	Balance 12/31/22	Due in One Year
<i>Self Supporting General Obligation Bonds Payable from Enterprise Funds</i>					
<i>G.O. Bonds Payable from Wastewater Revenues</i>					
Concord Area 234S	\$ 127,100	\$ -	\$ (127,100)	\$ -	\$ -
Kirtland Sanitary Sewer 284S	1,516,192	-	(50,598)	1,465,594	52,343
<i>Total G.O. Bonds Payable from Wastewater</i>	<u>1,643,292</u>	<u>-</u>	<u>(177,698)</u>	<u>1,465,594</u>	<u>52,343</u>
<i>OWDA Loan Payable from Wastewater Revenues</i>					
Madison Township WWTP Expansion	11,371,979	-	(514,291)	10,857,688	528,479
<i>Total OWDA Loan Payable from Wastewater</i>	<u>11,371,979</u>	<u>-</u>	<u>(514,291)</u>	<u>10,857,688</u>	<u>528,479</u>
<i>OWDA Loans Payable from Water Revenues</i>					
Aquarius Water Treatment Plant	462,052	-	(33,648)	428,404	33,648
<i>Total OWDA Loans Payable</i>	<u>11,834,031</u>	<u>-</u>	<u>(547,939)</u>	<u>11,286,092</u>	<u>562,127</u>
<i>Other Long-Term Liabilities:</i>					
<i>Payable from Wastewater</i>					
City of Willoughby Hills	93,808	-	(30,334)	63,474	31,260
OPWC - Mentor Headlands San Sewer Replacement	57,072	-	(7,136)	49,936	7,136
OPWC - Dundee Glasgow & Kelso Sewer	5,602	-	(280)	5,322	280
OPWC - Bellflower Area Outlet Sewer Replace	28,750	-	(2,500)	26,250	2,500
OPWC - Glyco Forcemain Replacement	36,250	-	(2,500)	33,750	2,500
OPWC - Cedar Park Woodland Sewer Phase II	187,475	-	(12,498)	174,977	12,498
OPWC - Mentor Marsh Sanitary Interceptor Replace.	42,500	-	(2,500)	40,000	2,500
OPWC - Deerfield Relief Sewer	135,000	-	(7,500)	127,500	7,500
OPWC - Prouty & Glyco Rehab	135,000	-	(7,500)	127,500	7,500
OPWC - Lakeshore Trunk Sewer	-	84,533	-	84,533	4,756
<i>Total Other Long-Term Payable from Wastewater</i>	<u>721,457</u>	<u>84,533</u>	<u>(72,748)</u>	<u>733,242</u>	<u>78,430</u>
<i>Payable from Water</i>					
OPWC - Hubbard Road Waterline	27,251	-	(2,477)	24,774	2,477
OPWC - Lakeshore Boulevard Waterline	170,375	-	(11,750)	158,625	11,750
OPWC - Johnny Cake Ridge Road Waterline	76,245	-	(4,919)	71,326	4,919
OPWC - Nan Linn Road Waterline Project	94,780	-	(5,923)	88,857	5,923
OPWC - Strawberry Lane Waterline Replacement	31,634	-	(1,860)	29,774	1,860
OPWC - Erie Street Waterline & Pavement Replacement	138,750	-	(7,500)	131,250	7,500
OPWC - Mantle Road Waterline	-	150,000	(3,750)	146,250	7,500
<i>Total Other Long-Term Payable from Water</i>	<u>539,035</u>	<u>150,000</u>	<u>(38,179)</u>	<u>650,856</u>	<u>41,929</u>
<i>Total Other Long-Term Obligations</i>	<u>1,260,492</u>	<u>234,533</u>	<u>(110,927)</u>	<u>1,384,098</u>	<u>120,359</u>
<i>Total G.O. Bonds, OWDA and OPWC Loans</i>	<u>14,737,815</u>	<u>234,533</u>	<u>(836,564)</u>	<u>14,135,784</u>	<u>734,829</u>
Notes Payable***	9,349,000	7,526,330	(9,359,858)	7,515,472	7,515,472
Landfill Closure and Postclosure Costs	11,035,995	452,475	-	11,488,470	-
Compensated Absences	1,911,991	424,699	(200,723)	2,135,967	200,592
<i>Total Before Net Pension Liability</i>	<u>37,034,801</u>	<u>8,638,037</u>	<u>(10,397,145)</u>	<u>35,275,693</u>	<u>8,450,893</u>
Net Pension Liability	14,369,192	-	(7,698,697)	6,670,495	-
<i>Total Business-Type Long-Term Obligations</i>	<u>\$ 51,403,993</u>	<u>\$ 8,638,037</u>	<u>\$ (18,095,842)</u>	<u>\$ 41,946,188</u>	<u>\$ 8,450,893</u>

***See Note I for detail on the long-term notes payable.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2022 are as follows:

Governmental Activities

Year	General Obligation Bonds		Special Assessment Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,158,000	\$ 130,938	\$ 397,657	\$ 165,777	65,752	\$ -
2024	1,191,000	91,961	410,913	147,041	65,752	-
2025	1,234,000	51,790	309,168	127,640	51,218	-
2026	86,000	10,171	267,423	113,787	51,218	-
2027	89,000	8,769	275,678	102,074	51,218	-
2028-2032	449,000	22,248	838,497	364,915	83,513	-
2033-2037	-	-	729,175	239,129	-	-
2038-2042	-	-	865,895	99,407	-	-
Total	<u>\$ 4,207,000</u>	<u>\$ 315,877</u>	<u>\$ 4,094,406</u>	<u>\$ 1,359,770</u>	<u>\$ 368,671</u>	<u>\$ -</u>

Business-Type Activities

Year	General Obligation Bonds		O.W.D.A Loans		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 52,343	\$ 51,658	\$ 562,127	\$ 293,905	120,359	1,688
2024	54,087	49,891	576,706	279,326	121,315	734
2025	55,832	48,066	591,688	264,344	89,100	-
2026	57,577	46,181	607,083	248,949	89,100	-
2027	59,322	44,238	622,903	233,129	89,100	-
2028-2032	331,503	188,460	3,367,515	912,646	424,097	-
2033-2037	390,825	128,169	3,757,537	446,312	349,858	-
2038-2042	464,105	53,280	1,200,533	33,044	111,769	-
Total	<u>\$ 1,465,594</u>	<u>\$ 609,943</u>	<u>\$ 11,286,092</u>	<u>\$ 2,711,655</u>	<u>\$ 1,394,698</u>	<u>\$ 2,422</u>

In previous years, the County had entered into leases as lessee for the use of various buildings. An initial lease liability was recorded in the amount of \$4,630,875. As of December 31, 2022 the value of the lease liability is \$4,048,995. The County is required to make monthly fixed payments of \$52,137. The value of the right to use assets as of December 31, 2022 of \$4,630,875 with accumulated amortization of \$600,379 is included with buildings on the lease class activities table found on the next page.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

The following is a schedule of the future lease payments:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 561,664	\$ 42,500	\$ 604,164
2024	530,820	36,943	567,763
2025	463,627	31,536	495,163
2026	468,940	26,224	495,164
2027	474,314	20,850	495,164
2028 - 2031	1,549,630	31,753	1,581,383
	\$ 4,048,995	\$ 189,806	\$ 4,238,801

Unvoted general obligation bonds issued for governmental purposes of the County will be retired from the debt service fund using unvoted general property tax revenue. General obligation bonds issued for enterprise fund purposes will be retired from charges for services in the enterprise funds. Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the County. Special assessment bonds are not included in capital assets, net of related debt for governmental activities since the debt is being used to pay for business-type capital assets.

In 2013, the County issued \$9,435,000 in general obligation bonds for a current refunding of \$9,160,000 in outstanding bonds of the 2005 County building improvement and refunding series. The refunding was undertaken to reduce future debt service payments. The current refunding in 2013, resulted in a decrease in the County’s debt service payments in the amount of \$1,173,097. Proceeds of \$10,048,114 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. At December 31, 2022, \$3,335,000 of these bonds are considered defeased. Accordingly, the trust account assets and the liability for this defeased bond issue are not included in the County’s financial statements. The County also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of \$1,025,614 on this refunding.

In 2021, the County issued \$952,000 in County Building Improvement Refunding Bonds, Series 2021 for a refunding of \$920,000 in outstanding bonds of the 2007 dog shelter renovation bonds. The refunding was undertaken to reduce future debt service payments. Proceeds of \$924,217 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. At December 31, 2022, \$920,000 of these bonds are considered defeased. Accordingly, the trust account assets and the liability for this defeased bond issue are not included in the County’s financial statements. The County also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of \$155,875 on this refunding.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

Ohio Water Development Authority (OWDA) loans are direct obligations of the enterprise funds. Administration of principal and interest is managed directly by the Department of Utilities. The loans are secured by the assets to which they are related. The OWDA loans are retired from user fees. During 2022, the County did not issue any additional OWDA loans.

Other long-term obligations consist of an agreement with the City of Willoughby Hills whereby the County acquired various land and plant facilities from the City. In exchange, the County has agreed to pay directly to the City, when due, amounts sufficient to service the City's long-term debt funding requirements relating to the assets acquired. This obligation, amounting to \$63,474 as of the balance sheet date, is to be financed from wastewater revenues. The agreement further provides for the reconveyance of the assets and the responsibility for servicing the related indebtedness to the City in the event disposition of such by the County is desired or found necessary.

Additional other long-term obligations are interest-free loans from the Ohio Public Works Commission. Six are for governmental activities for road repairs and fifteen are for business-type activities, nine for wastewater system improvements and seven for water system improvements.

The compensated absence liability will be paid from the fund that the employees' salaries are paid. These funds include the following: General, DD Board, Public Assistance, Children Services, Child Support Enforcement, Felony Delinquent Care and Custody, Senior Citizens Levy, Auto License and Gasoline Tax, Municipal Street Improvement and Construction, Engineer's Stormwater Maintenance, ADAMHS Board, Dog and Kennel, Narcotics Agency, Forensic Crime Laboratory, Emergency Management Agency, Prosecutor's 4-D, Prosecutor's Victim/Witness Assistance, Prosecutor's Delinquent Tax Collection, Common Pleas Court Special Project #1, Common Pleas Court Special Project #2, Jail Reduction Grant, Pilot Probation Grant, Domestic Relations Court 4-D, Juvenile Court IV-D, Certificate of Title Administration, Sheriff's Drug/Alcohol Treatment, Sheriff's Concealed Weapons, Telecommunications, Real Estate Assessment, Law Library, Probate Court Computerization, Community Development Block Grant, Home Program, Recorder's Equipment, Hotel/Motel, Geographic Information System, Treasurer's Delinquent Tax Collection, Water, Wastewater, Solid Waste, Central Purchasing and Hospitalization.

Employees earn 15 days of sick leave per year. Upon retirement or resignation, employees with 10 years of service are compensated for unused sick leave based on the total number of hours accumulated and the County's conversion schedule. Vacation time is vested for employees after a minimum of one year of service. According to State law, vacation time may be accumulated up to 3 years. Unused vacation time, unpaid overtime and unused compensatory time are payable upon termination of employment. All sick, vacation and compensatory time payments are made at the employee's current wage rate.

The County has pledged future wastewater revenues to repay OWDA loans and OPWC loans. All of the debt is solely payable from net revenues and are payable through 2041. The total principal remaining to be paid on the wastewater debt is \$10,857,688. Principal and interest paid for the year for the wastewater debt was \$822,384, total net revenues were \$9,091,653 and total revenues were \$19,313,408.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE H – LONG-TERM DEBT (CONTINUED)

The County has pledged future water revenues to repay OWDA and OPWC loans. All of the debt is solely payable from net revenues and are payable through 2039. The total principal remaining to be paid on the water debt is \$1,079,260. Principal paid for the year for the water debt was \$71,837, total net revenues were \$7,316,003 and total revenues were \$17,324,959.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. At December 31, 2022, the County had an unvoted debt margin of \$65.9 million and a direct debt margin of \$174.7 million.

Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, there were three series of Hospital Revenue Bonds and one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$103,850,000.

NOTE I – NOTES PAYABLE

A summary of the short-term governmental note transactions for the year ended December 31, 2022 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2022	PRINCIPAL ISSUED IN 2022	PRINCIPAL RETIRED IN 2022	BALANCE DEC. 31, 2022
<i>Governmental Activities:</i>							
2021	Road Improvements	2022	0.50%	1,000,000	-	(1,000,000)	-
Total Notes Payable from Governmental-type Activities				\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE I – NOTES PAYABLE (CONTINUED)

A summary of the long-term governmental note transactions for the year ended December 31, 2022 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2022	PRINCIPAL ISSUED IN 2022	PRINCIPAL RETIRED IN 2022	BALANCE DEC. 31, 2022
<i>Governmental Activities:</i>							
2021	Road Improvements	2022	0.50%	10,250,000	-	\$ (10,250,000)	\$ -
2022	Road Improvements	2022	0.50%	-	10,250,000	-	10,250,000
2021/2022	Premium on Note Issuances	n/a	n/a	8,409	12,465	(19,277)	1,597
Total Notes Payable from Governmental-type Activities				<u>\$ 10,258,409</u>	<u>\$ 10,262,465</u>	<u>\$ (10,269,277)</u>	<u>\$ 10,251,597</u>

The notes payable from governmental funds were used to fund the administration building project and motor vehicle purchase. These notes proceeds were accounted for in Nonmajor governmental funds.

A summary of business-type note transactions for the year ended December 31, 2022 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2022	PRINCIPAL ISSUED IN 2022	PRINCIPAL RETIRED IN 2022	BALANCE DEC. 31, 2022
<i>Business-Type Activities:</i>							
<u>NOTES PAYABLE FROM ENTERPRISE FUNDS:</u>							
<u>Payable From Water Fund:</u>							
2021	Water District Improvement - 383W	2022	1.00%	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
2022	Water District Improvement - 383W	2023	1.25%	-	1,650,000	-	1,650,000
2021/2022	Premium on Note Issuance	n/a	n/a	665	4,920	(5,380)	205
Total Notes Payable From Water Fund				<u>2,000,665</u>	<u>1,654,920</u>	<u>(2,005,380)</u>	<u>1,650,205</u>
<u>Payable From Wastewater Fund:</u>							
2021	Sewer District Improvement - 336S	2022	0.50%	2,250,000	-	(2,250,000)	-
2021	Sewer District Improvement - 408S	2022	0.50%	990,000	-	(990,000)	-
2021	Sewer District Improvement - 415S	2022	0.50%	2,100,000	-	(2,100,000)	-
2021	Sewer District Improvement - 382S	2022	1.00%	2,000,000	-	(2,000,000)	-
2022	Sewer District Improvement - 336S	2023	4.00%	-	1,875,000	-	1,875,000
2022	Sewer District Improvement - 408S	2023	4.00%	-	660,000	-	660,000
2022	Sewer District Improvement - 415S	2023	2.50%	-	1,680,000	-	1,680,000
2022	Sewer District Improvement - 382S	2023	1.25%	-	1,650,000	-	1,650,000
2021/2022	Premium on Note Issuance	n/a	n/a	8,335	6,410	(14,478)	267
Total Notes Payable From Wastewater Fund				<u>7,348,335</u>	<u>5,871,410</u>	<u>(7,354,478)</u>	<u>5,865,267</u>
TOTAL NOTES PAYABLE FROM ENTERPRISE FUNDS				<u>\$ 9,349,000</u>	<u>\$ 7,526,330</u>	<u>\$ (9,359,858)</u>	<u>\$ 7,515,472</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE I – NOTES PAYABLE (CONTINUED)

The notes payable from enterprise funds were used to finance various utility Water and Wastewater infrastructure improvements. These notes are accounted for in the Water and Wastewater funds.

NOTE J – DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability (Asset)

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee, on a deferred payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The County's share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 of the County may elect the member-directed plan and the combined plan, substantially all employees 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 pension 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' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits, including requirements for reduced and unreduced benefits):

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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 62 with 60 months of service credit or Age 57 with 25 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

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. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan 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. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the member’s investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitation), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer’s contribution allocated to health care was 0% for 2022 for the Traditional and Combined plans. The portion of the employer’s contribution allocated to health care was 4% for the Member-Directed plan for 2022. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County’s contractually required contributions were \$13,099,700 for fiscal year ending December 31, 2022.

Pension Liabilities (Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability/asset for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional</u>	<u>OPERS Combined</u>	<u>OPERS Total</u>
Proportion of the Net Pension Liability (Asset) Prior Measurement Date	0.598999%	0.59113900%	
Proportion of the Net Pension Liability (Asset) Current Measurement Date	<u>0.583408%</u>	<u>0.60354300%</u>	
Change in Proportionate Share	<u><u>-0.015591%</u></u>	<u><u>0.01240400%</u></u>	
Proportionate Share of the Net Pension Liability (Asset)	\$50,758,857	(\$2,377,990)	\$48,380,867
Pension Expense	(\$10,241,431)	(\$85,780)	(\$10,327,211)

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

	<u>OPERS Traditional</u>	<u>OPERS Combined</u>	<u>OPERS Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 2,587,612	\$ 14,752	\$ 2,602,364
Change of Assumptions	6,347,342	119,502	6,466,844
Change in proportionate share and difference between County contributions and proportionate share of contributions	1,103,434	59,689	1,163,123
County contributions subsequent to the measurement date	<u>12,694,314</u>	<u>405,386</u>	<u>13,099,700</u>
Total Deferred Outflows of Resources	<u>\$ 22,732,702</u>	<u>\$ 599,329</u>	<u>\$ 23,332,031</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 1,113,268	\$ 265,963	\$ 1,379,231
Net difference between projected and actual earnings on pension plan investments	60,375,813	509,804	60,885,617
Change in proportionate share and difference between County contributions and proportionate share of contributions	<u>2,951,909</u>	<u>73,002</u>	<u>3,024,911</u>
Total Deferred Inflows of Resources	<u>\$ 64,440,990</u>	<u>\$ 848,769</u>	<u>\$ 65,289,759</u>

\$13,099,700 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>Total</u>
2023	\$ (9,276,861)	\$ (156,241)	\$ (9,433,102)
2024	(21,324,556)	(216,000)	(21,540,556)
2025	(14,196,794)	(142,339)	(14,339,133)
2026	(9,604,391)	(107,933)	(9,712,324)
2027	-	(16,051)	(16,051)
Thereafter	<u>-</u>	<u>(16,262)</u>	<u>(16,262)</u>
Total	<u>\$ (54,402,602)</u>	<u>\$ (654,826)</u>	<u>\$ (55,057,428)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement, in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	3.25 percent	3.25 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month.

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	4.21 %

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

County's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 133,827,961	\$ 50,758,857	\$ 18,365,684
Combined Plan	\$ (1,774,416)	\$ (2,377,990)	\$ (2,848,723)

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description - County licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The County’s contractually required contribution to STRS was \$101,889 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS
Proportion of the Net Pension Liability Prior Measurement Date	0.00565932%
Proportion of the Net Pension Liability Current Measurement Date	0.00559812%
Change in Proportionate Share	-0.00006120%
Proportionate Share of the Net Pension Liability	\$1,244,470
Pension Expense	\$333,962

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 15,931
Net difference between projected and actual earnings on pension plan investments	43,304
Change of Assumptions	148,925
Change in proportionate share and difference between County contributions and proportionate share of contributions	478,408
County contributions subsequent to the measurement date	50,945
Total Deferred Outflows of Resources	\$ 737,513
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 4,879
Changes of Assumptions	119,571
Change in proportionate share and difference between County contributions and proportionate share of contributions	75,920
Total Deferred Inflows of Resources	\$ 200,370

\$101,889 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS
Fiscal Year Ending December 31:	
2023	\$198,344
2024	214,391
2025	(9,252)
2026	82,715
Total	\$486,198

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Projected Salary Increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.00 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the July 1, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

STRS Ohio’s investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Fixed Income	22.00	1.75
Alternatives	19.00	7.38
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current assumption:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability	\$1,879,940	\$1,244,470	\$707,058

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The net OPEB liability/asset represents the County's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the County's obligation for this liability/asset to annually required payments. The County cannot control benefit terms or the manner in which OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded and funded benefits are presented as a long-term *net OPEB liability or net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description—Ohio Public Employees Retirement System (OPERS)

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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report 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. When funding is approved by Systems' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of covered payroll. In 2022, local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by Ohio Revised Code. Active member contributions do not fund health care.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County’s contractually required contribution was \$92,568 for 2022.

OPEB Liabilities/Asset, OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County’s proportion of the net OPEB liability/asset was based on the County’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability	
Prior Measurement Date	0.588926%
Proportion of the Net OPEB Liability/Asset	
Current Measurement Date	0.575020%
Change in Proportionate Share	-0.013906%
Proportionate Share of the Net OPEB	
Liability/(Asset)	\$ (18,010,507)
OPEB Expense	\$ (15,737,519)

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between County contributions and proportionate share of contributions	\$ 173,159
County contributions subsequent to the measurement date	92,568
Total Deferred Outflows of Resources	\$ 265,727
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 2,731,919
Changes of assumptions	7,290,448
Net difference between projected and actual earnings on OPEB plan investments	8,586,139
Changes in proportion and differences between County contributions and proportionate share of contributions	396,138
Total Deferred Inflows of Resources	\$ 19,004,644

\$92,568 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and increase of the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2023	\$ (11,638,939)
2024	(4,083,415)
2025	(1,876,029)
2026	(1,233,102)
Total	\$ (18,831,485)

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.30 percent for 2021.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the County’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the County’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's proportionate share of the net OPEB asset	\$ 10,591,868	\$ 18,010,507	\$ 24,168,091

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB asset	\$ 18,205,133	\$ 18,010,507	\$ 17,779,618

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

OPEB Liabilities/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	STRS
Proportion of the Net OPEB Asset Prior Measurement Date	0.00565932%
Proportion of the Net OPEB Asset Current Measurement Date	0.00559812%
Change in Proportionate Share	-0.00006120%
Proportionate Share of the Net OPEB Asset	(\$144,954)
OPEB Expense	(\$9,938)

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$2,104
Net difference between projected and actual earnings on pension plan investments	2,524
Change of Assumptions	6,174
Change in Proportionate Share	4,847
Total Deferred Outflows of Resources	\$15,649
Deferred Inflows of Resources	
Differences between expected and actual experience	\$21,674
Change of Assumptions	101,659
Change in Proportionate Share	4,114
Total Deferred Inflows of Resources	\$127,447

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	STRS
2023	(\$36,067)
2024	(33,599)
2025	(16,199)
2026	(6,507)
2027	(9,627)
Thereafter	(9,799)
Total	(\$111,798)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

Projected Salary increases	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.00 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	7.5 percent initial, 3.94 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate
Medicare	-5.47 percent initial, 3.94 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
(CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note J.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2022 calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE K – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net OPEB asset	\$134,006	\$144,954	\$154,332
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$150,353	\$144,954	\$138,140

NOTE L – PROPERTY TAX REVENUES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022 on the assessed value as of January 1, 2022 lien date. Assessed values are established by State law at 35% of appraised market value. 2022 real property taxes are collected in and intended to finance 2023 operations.

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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022 and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was \$10.4 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

Real Property	\$6,959,994,870
Public Utility Personal Property	388,624,690
Total Assessed Value	\$7,348,619,560

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 statutes permit later payment dates to be established.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE L – PROPERTY TAX REVENUES (CONTINUED)

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. Property tax receivables represent real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2022 operations. In the governmental funds, the entire receivable has been offset by deferred inflows of resources – property taxes since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is reported as deferred inflows of resources – unavailable revenue.

NOTE M – RECEIVABLES & REVENUES

Receivables at December 31, 2022, consisted of taxes, accounts (billings for user charged services, including unbilled utility services), special assessments, accrued interest and intergovernmental receivables arising from grants and entitlements. All receivables are considered fully collectible, including accounts receivable which, if delinquent may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Total special assessments expected to be collected amounts to \$10,699,128, consisting of \$5,439,085 in the special assessment bond retirement fund and \$5,260,043 in Engineers’ storm-water management fund. The amount of delinquent special assessments outstanding at year-end is \$200,181.

A summary of the principal intergovernmental receivables for governmental activities are as follows:

<i>Governmental Activities</i>	<u>Amount</u>
Grants, Incentives and Reimbursements	\$14,775,785
Other Intergovernmental Receipts, Including:	1,969,991
Motor Vehicle License Tax and Gas Tax	
Casino Revenue	
Public Defender Reimbursements	
Local Government Fund	
Charges for Services	1,069,029
Fines and Forfeitures	337,886
Internal Service	<u>166,433</u>
<i>Total</i>	<u><u>\$18,319,124</u></u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE N – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2022, consisted of the following:

Transfers From	Transfers To			Totals
	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	
General	\$ 5,343,030	\$ 1,283,468	\$ 17,350,000	\$ 23,976,498
Developmental Disabilities Board	-	-	1,750,000	1,750,000
Nonmajor Special Revenue	5,090,672	-	-	5,090,672
Water	50,000	-	-	50,000
Sewer	50,000	-	-	50,000
<i>Transfer Totals</i>	<u>\$ 10,533,702</u>	<u>\$ 1,283,468</u>	<u>\$ 19,100,000</u>	<u>\$ 30,917,170</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

NOTE O – ENCUMBRANCES

Encumbrance accounting is employed in all County funds. Encumbrances outstanding at year-end are closed to fund balance/net position and are re-appropriated at the beginning of the succeeding year.

At December 31, 2022, encumbrances outstanding in governmental funds and proprietary funds which were re-appropriated in the 2023 budget were:

General Fund	\$1,025,061
ADAMHS Board	1,301,013
Non-Major Special Revenue Funds	12,329,808
Non-Major Capital Projects Funds	2,379,027
Enterprise Funds	2,497,881
Non-Major Internal Service Funds	11,621
<i>Total</i>	<u>\$19,544,411</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE O – ENCUMBRANCES (CONTINUED)

On the GAAP basis, a portion of these encumbrances represented accrued liabilities of the County. At December 31, 2022 encumbrances less these accrued liabilities were:

General Fund	\$653,161
ADAMHS Board	1,068,809
Non-Major Special Revenue Funds	7,526,074
Non-Major Capital Projects Funds	2,101,520
Enterprise Funds	1,738,984
Non-Major Internal Service Funds	6,130
<i>Total</i>	<u><u>\$13,094,678</u></u>

NOTE P – CONTINGENCIES, JUDGMENTS AND CLAIMS

The County is a defendant in a number of claims and lawsuits which may be classified as routine litigation in which minimal non-material damages are being sought. In addition, the County is a defendant in numerous other claims and lawsuits in which the County believes the amounts claimed to be overstated and the chance of losing these cases nominal. In the opinion of the County no material liability is anticipated.

The County participates in several federal and state assisted grants and programs that are subject to financial and compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require the County to place a cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date.

During 2016, Lake County was granted a permit from the Ohio Environmental Protection Agency to allow for vertical (upward) expansion at the County's Landfill. The expansion results in a capacity increase of approximately 6.5 million tons. The County's liability for landfill closure and post closure costs increased in 2022 by approximately \$452k.

The \$11.5 million reported as landfill closure and post closure care liability at December 31, 2022, represents the cumulative amount reported to date based on the use of 65.5 percent of the estimated capacity of the landfill.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE COSTS (Continued)

The County will recognize the remaining estimated cost of closure and post closure care of \$6.2 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE R – ASSET RETIREMENT OBLIGATIONS

GASB Statement No. 83 “*Certain Asset Retirement Obligations*” establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of an intangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts.

Ohio Revised Code Section 6111.44 requires the County to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the County would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the County does not have an approved permit from the Ohio EPA to dispose of all or part of their sewage treatment plants. Due to the lack of specific legal requirements for retiring the sewage treatment plants, the County has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

NOTE S – RELATED PARTY TRANSACTIONS

During 2022, Lake County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to Deepwood Industries, Inc., (the “Workshop”), a discretely presented component unit of Lake County. The Workshop reported \$228,472 for such contributions, recording revenue and expenses at cost or fair value, as applicable, to the extent the contribution is related to the vocational purposes of the Workshop.

NOTE T – RISK MANAGEMENT

The County 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. The County contracted with CORSA (County Risk Sharing Authority, Inc.) for property and general liability coverage including automobiles, equipment and public officials’ liability. The County also maintains health-care benefits, as well as additional property and general liability coverage, from private carriers. There were no significant reductions in coverage in 2022 as compared to the previous year. Insurance premiums paid to private carriers during 2022 were approximately \$140k. The amount of settlements did not exceed the coverage for each of the past three years. The County pays the State Workers Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE T – RISK MANAGEMENT (Continued)

In 1999, the County Commissioners initiated a self-insurance program for medical prescription coverage only. Then in 2004, the Commissioners initiated a self-insurance program for dental coverage. The maintenance of these benefits is accounted for in the Prescription Self-Insurance and the Dental Self-Insurance funds, respectively, both of which are Internal Service funds. Incurred, but not reported, prescription claims of \$200,802 and dental claims of \$56,268, have been accrued based upon a review of the January, 2023 billings provided by the County Commissioners' Office.

The total claims liability of \$257,070 reported in the internal service fund at December 31, 2022, is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of cost relating to incurred but not reported claims, be reported. The estimates were not affected by incremental claims adjustments expenses and do not include other allocated or unallocated claims adjustment expenses.

Changes in the funds claims liability amounts for the last three fiscal years were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
<u>Prescription:</u>				
2020	\$ 197,630	\$ 3,067,923	\$ 3,115,233	\$ 150,320
2021	150,320	3,524,513	3,518,061	156,772
2022	156,772	4,115,557	4,109,105	163,224
<u>Dental:</u>				
2020	54,793	566,921	567,246	54,468
2021	54,468	1,489,350	1,490,369	53,449
2022	53,449	743,324	744,343	52,430

NOTE U – PUBLIC ENTITY RISK POOLS

COUNTY RISK SHARING AUTHORITY

The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, public officials' liability, and police professional insurance.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE U – PUBLIC ENTITY RISK POOLS (Continued)

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2022 was \$752,451. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

NOTE V – DEFICIT FUND BALANCE

At December 31, 2022, the following funds had a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Domestic Relations Court Computer	\$17,292
Workforce Investment Act	173,959

The deficit in the funds are the result of recognizing expenses on the modified accrual/accrual basis of accounting. This deficit did not exist on the cash basis of accounting. The General Fund provides operating transfers to these funds when cash is required, not when accruals occur.

There were no other material violations of finance-related legal or contractual provisions.

NOTE W – TAX INCENTIVES AND TAX ABATEMENTS

Several of the cities, villages and townships within Lake County have authorized, through the passage of public ordinances/resolutions, different real estate tax incentives.

The first of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 5709, is called Tax Increment Financing Agreements (TIF's). Under a TIF, the property owner makes Payments in Lieu of Taxes (PILOT's) in the same amount as the property tax, on improvements made to the respective property since the inception of the TIF. The PILOT's are used by the respective cities, villages and townships to finance infrastructure improvements to the properties included within the TIF. The revenue derived from the PILOT's is redirected from the "normal" distribution had the TIF not been established.

With respect to County funds, none of the PILOT's are remitted to County agencies, but instead are remitted to the respective cities, villages and townships to finance the construction of the respective improvements.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE W – TAX INCENTIVES AND TAX ABATEMENTS (CONTINUED)

The following are the amounts that would have been received by the respective County funds, for the year ended December 31, 2022, had the TIF agreements not been established and the improvements still constructed:

	Amount
Governmental Funds:	
General Fund	\$91,427
Developmental Disabilities Board	396,541
ADAMHS Board	131,992
Children's Services Board	87,272
Narcotics Agency Fund	21,128
Forensic Crime Laboratory Fund	56,504
Senior Citizens Levy Fund	66,081
<i>Total</i>	\$850,945

The second of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 3735, is called Community Reinvestment Areas (CRA's). In order to establish a CRA, a city, village or township must survey the housing within its jurisdiction and determine that all or part(s) of the jurisdiction has an area(s) that has housing facilities or structures of historical significance and that repair of these facilities and/or structures is discouraged. By establishing a CRA within its jurisdiction, the respective government can offer real estate tax abatements on improvements made to such facilities and/or structures. The percentage and length of time of these abatements is negotiated by the respective government and property owner. With respect to County funds, none of the abated tax revenue is received during the duration of the abatement. The following are the amounts that would have been received by the respective County funds, for the year ended December 31, 2022, had the CRA's not been established and the improvements still constructed:

	Amount
Governmental Funds:	
General Fund	\$27,268
Developmental Disabilities Board	124,856
ADAMHS Board	41,160
Children's Services Board	22,701
Narcotics Agency Fund	7,051
Forensic Crime Laboratory Fund	17,824
Senior Citizens Levy Fund	20,586
<i>Total</i>	\$261,446

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE X – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Developmental Disabilities Board	ADAMHS Board	American Rescue Plan Fund	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepaid Items	\$ 396,821	\$ 30,740	\$ 7,442	\$ -	\$ 29,016	\$ 464,019
Materials and Supplies Inventory	-	-	-	-	789,381	789,381
Unclaimed Funds	309,792	-	-	-	-	309,792
Total Nonspendable	706,613	30,740	7,442	-	818,397	1,563,192
<i>Restricted for</i>						
Other Purposes	-	-	-	-	13,244,640	13,244,640
Debt Service	-	-	-	-	2,542,590	2,542,590
Capital Projects	-	-	-	-	82,201,269	82,201,269
Public Assistance/Human Services	-	43,389,261	-	-	5,896,976	49,286,237
Roads and Bridges	-	-	-	-	7,697,558	7,697,558
Health Programs	-	-	4,711,355	-	-	4,711,355
Judicial/Public Safety/Grant Programs	-	-	-	-	17,033,804	17,033,804
Economic Development	-	-	-	-	10,580,828	10,580,828
Children's Services	-	-	-	-	12,100,742	12,100,742
General Government Operations	-	-	-	-	2,507,039	2,507,039
Emergency Rental Assistance	-	-	-	-	1,261,195	1,261,195
Public Works	-	-	-	-	19,958,715	19,958,715
Total Restricted	-	43,389,261	4,711,355	-	175,025,356	223,125,972
<i>Committed to</i>						
Central Communications	4,550,873	-	-	-	-	4,550,873
Budget Stabilization	9,042,400	-	-	-	-	9,042,400
Employee Payroll	14,900,000	-	-	-	-	14,900,000
Total Committed	28,493,273	-	-	-	-	28,493,273
<i>Assigned to</i>						
Subsequent Year Appropriations	8,255,428	-	-	-	-	8,255,428
Encumbrances	596,531	-	-	-	-	596,531
Claimants	477,274	-	-	-	-	477,274
Total Assigned	9,329,233	-	-	-	-	9,329,233
<i>Unassigned (Deficit)</i>	18,279,161	-	-	-	(191,251)	18,087,910
Total Fund Balances	\$ 56,808,280	\$ 43,420,001	\$ 4,718,797	\$ -	\$ 175,652,502	\$ 280,599,580

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE Y – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the County received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE Z – SUBSEQUENT EVENTS

Resolution providing for the issuance and sale of not to exceed \$10,250,000 aggregate principal amount of notes, in anticipation of issuance of bonds, to pay for costs, reconstructing, paving and otherwise improving road improvements in the county, including related improvements and all necessary appurtenances thereto. (March 9, 2023)

Resolution authorizing execution of a sole source agreement with Federal Signal for the replacement of fifty sirens located on the west-end of Lake County, in an amount not to exceed \$1,564,650. (March 9, 2023)

Resolution authoring execution of a contract between Motorola Solutions and the Lake County Department of Commissioners on behalf of the Lake County Department of Telecommunications for Vesta (911) support in the amount of \$153,717. (March 16, 2023)

Resolution authorizing execution of an agreement between the Lake County Board of Commissioners on behalf of the Lake County Sheriff's Department and the Ohio Patrolmen's Benevolent Association Corrections Officers, expiring March 31, 2023. (April 20, 2023)

Resolution authorizing execution of an agreement between the Lake County Board of Commissioners on behalf of the Lake County Sheriff's Department and the Fraternal Order of Police, Ohio Labor Council, Inc. Deputized Deputy Sheriff's, Court Officers, and Court Officers Corporals, expiring March 31, 2026. (April 20, 2023)

Required Supplementary Information

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) Ohio Public Employees Retirement System (OPERS) Last Nine Years (1)

Traditional Plan	2022	2021	2020	2019
County's Proportion of the Net Pension Liability	0.583408%	0.598999%	0.596850%	0.608527%
County's Proportionate Share of the Net Pension Liability	\$ 50,758,857	\$ 88,698,711	\$ 117,971,453	\$ 166,663,235
County's Covered Payroll	\$ 84,681,221	\$ 84,354,750	\$ 83,981,950	\$ 82,183,929
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.94%	105.15%	140.47%	202.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%
Combined Plan	2022	2021	2020	2019
County's Proportion of the Net Pension (Asset)	0.603543%	0.591139%	0.589979%	0.602908%
County's Proportionate Share of the Net Pension (Asset)	\$ (2,377,990)	\$ (1,706,403)	\$ (1,230,248)	\$ (674,187)
County's Covered Payroll	\$ 2,740,036	\$ 2,616,643	\$ 2,620,086	\$ 2,578,593
County's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	86.79%	65.21%	46.95%	26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the County's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.610915%	0.606784%	0.611008%	0.577721%	0.577721%
\$ 95,840,719	\$ 137,790,327	\$ 105,834,288	\$ 73,648,319	\$ 71,984,849
\$ 80,671,885	\$ 78,343,033	\$ 75,938,500	\$ 74,921,308	\$ 73,442,385
118.80%	175.88%	139.37%	98.30%	98.02%
84.66%	77.25%	81.08%	86.45%	86.36%
2018	2017	2016	2015	2014
0.616286%	0.587638%	0.638860%	0.674356%	0.674356%
\$ (838,965)	\$ (327,062)	\$ (310,883)	\$ (259,643)	\$ (70,761)
\$ 2,521,808	\$ 2,287,850	\$ 2,321,758	\$ 2,465,025	\$ 2,416,369
33.27%	14.30%	13.39%	10.53%	2.93%
137.28%	116.55%	116.90%	114.83%	104.33%

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) State Teachers Retirement System (STRS) Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's Proportion of the Net Pension Liability	0.005598120%	0.005659320%	0.00494500%	0.00011258%
County's Proportionate Share of the Net Pension Liability	\$ 1,244,470	\$ 723,596	\$ 1,196,514	\$ 24,896
County's Covered Payroll	\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	356.41%	188.91%	875.93%	50.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the County's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
0.00075259%	0.00077929%	0.00103522%	0.00227256%	0.00322436%	0.00322436%
\$ 165,478	\$ 185,122	\$ 346,519	\$ 628,069	\$ 784,276	\$ 934,224
\$ 113,414	\$ 144,321	\$ 132,600	\$ 290,057	\$ 354,785	\$ 372,308
145.91%	128.27%	261.33%	216.53%	221.06%	250.93%
77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County Pension Contribution Ohio Public Employees Retirement System (OPERS) Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 12,694,314	\$ 11,855,371	\$ 11,809,665	\$ 11,757,473
Combined Plan	405,386	383,605	366,330	366,812
Total Required Contributions	\$ 13,099,700	\$ 12,238,976	\$ 12,175,995	\$ 12,124,285
Contributions in Relation to the Contractually Required Contribution	(13,099,700)	(12,238,976)	(12,175,995)	(12,124,285)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -
<u>County's Covered Payroll</u>				
Traditional Plan	\$ 90,673,671	\$ 84,681,221	\$ 84,354,750	\$ 83,981,950
Combined Plan	\$ 2,895,614	\$ 2,740,036	\$ 2,616,643	\$ 2,620,086
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$ 11,505,750	\$ 10,487,345	\$ 9,401,164	\$ 9,112,620	\$ 8,990,557	\$ 9,547,510
361,003	327,835	274,542	278,611	295,803	314,128
\$ 11,866,753	\$ 10,815,180	\$ 9,675,706	\$ 9,391,231	\$ 9,286,360	\$ 9,861,638
(11,866,753)	(10,815,180)	(9,675,706)	(9,391,231)	(9,286,360)	(9,861,638)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 82,183,929	\$ 80,671,885	\$ 78,343,033	\$ 75,938,500	\$ 74,921,308	\$ 73,442,385
\$ 2,578,593	\$ 2,521,808	\$ 2,287,850	\$ 2,321,758	\$ 2,465,025	\$ 2,416,369
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's Pension Contributions State Teachers Retirement System (STRS) Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 50,945	\$ 48,883	\$ 53,625	\$ 19,124
Contributions in Relation to the Contractually Required Contribution	<u>(50,945)</u>	<u>(48,883)</u>	<u>(53,625)</u>	<u>(19,124)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$ 363,893	\$ 349,164	\$ 383,036	\$ 136,600
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,914	\$ 15,878	\$ 20,205	\$ 18,564	\$ 40,608	\$ 46,122
<u>(6,914)</u>	<u>(15,878)</u>	<u>(20,205)</u>	<u>(18,564)</u>	<u>(40,608)</u>	<u>(46,122)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$49,386	\$ 113,414	\$ 144,321	\$ 132,600	\$ 290,057	\$ 354,785
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net OPEB Liability (Asset) Ohio Public Employees Retirement System (OPERS) Last Six Years (1)

	2022	2021	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability/Asset	0.575020%	0.588926%	0.586918%	0.598418%	0.600820%	0.597770%
County's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (18,010,507)	\$ (10,492,187)	\$ 81,068,624	\$ 78,019,581	\$ 65,244,626	\$ 60,376,799
County's Covered Payroll	\$ 89,677,163	\$ 86,971,393	\$ 86,602,036	\$ 84,762,522	\$ 83,193,692	\$ 80,630,883
County's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-20.08%	-12.06%	93.61%	92.04%	78.42%	74.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the County's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System (STRS) Last Six Years (1)

	2022	2021	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability/Asset	0.00559812%	0.00565932%	0.00494500%	0.00011258%	0.00075259%	0.00077929%
County's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (144,954)	\$ (119,322)	\$ (86,908)	\$ (1,865)	\$ (12,093)	\$ 30,405
County's Covered Payroll	\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414	\$ 144,321
County's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-41.51%	-31.15%	-63.62%	-3.78%	-10.66%	21.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the County's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County OPEB Contribution Ohio Public Employees Retirement System (OPERS) Last Eight Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 92,568	\$ 90,236	\$ -	\$ -	\$ -	\$ 896,735	\$ 1,612,618	\$ 1,565,205
Contributions in Relation to the Contractually Required Contribution	<u>(92,568)</u>	<u>(90,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(896,735)</u>	<u>(1,612,618)</u>	<u>(1,565,205)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$95,883,495	\$89,677,163	\$86,971,393	\$86,602,036	\$84,762,522	\$ 83,193,692	\$ 80,630,883	\$ 78,260,258
Contributions as a Percentage of Covered Payroll	0.10%	0.10%	0.00%	0.00%	0.00%	1.08%	2.00%	2.00%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

LAKE COUNTY, OHIO

Required Supplementary Information

Schedule of the County's OPEB Contributions State Teachers Retirement System (STRS) Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,548
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	(3,548)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$363,889	\$349,164	\$383,036	\$136,600	\$49,386	\$113,414	\$144,321	\$132,600	\$290,057	\$354,785
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

LAKE COUNTY, OHIO

*Notes to Required Supplementary Information
For the Year Ended December 31, 2022*

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2022

The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

STATE TEACHERS RETIREMENT SYSTEM

Net Pension Liability

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017, 2019-2020, and 2022. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. For fiscal year 2021 the discount rate and investment rate of return changed from 7.45% to 7.00%.

Net OPEB Liability

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2022

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through the Ohio Department of Education:</i>				
<u>Nutrition Cluster:</u>				
National School Breakfast Program	10.553	N/A		\$12,294
National School Lunch Program	10.555	N/A		21,041
COVID-19 National School Lunch Program	10.555	N/A		5,287
Total Nutrition Cluster				<u>38,622</u>
<i>Passed through the Ohio Department of Jobs and Family Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	JFSCFI22		701
		JFSCFI23		33,543
		JFSCFB22		623,227
		JFSCF522		93,062
		JFSCFB23		216,273
		JFSCFJ22		35,661
Total - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				<u>1,002,467</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURAL				<u>1,041,089</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
<i>Direct programs:</i>				
Community Development Block Grants/Entitlements Grants	14.218	CDBG-B-19-UC-39-00		83,848
		CDBG-B-20-UC-39-00		544,436
		CDBG-B-20-UW-39-00		135,249
		CDBG-B-20-UW-39-00		520,162
Total - Community Development Block Grants/Entitlements Grants				<u>1,283,695</u>
Shelter Plus Care	14.238	N/A	\$298,483	298,483
		N/A	208,266	208,266
Total - Shelter Plus Care			<u>506,749</u>	<u>506,749</u>
Home Investment Partnership Program	14.239	M-19-UC-39-02		16,326
		M-20-UC-39-02		279,644
		M-21-UC-39-02		150,264
Total - Home Investment Partnership Program				<u>446,234</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>506,749</u>	<u>2,236,678</u>

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through the Ohio Attorney General's Office:</i>				
Crime Victims Assistance	16.575	2022-VOCA-134147643 2023-VOCA-135109959		\$151,007 46,323
Total - Crime Victims Assistance				<u>197,330</u>
Violence Against Women Formula Grants	16.588	2020-WF-VA5-8211		77,175
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PFJA-22-GG-02655-JAGX		25,073 15,656
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>40,729</u>
<i>Passed Through the City of Mansfield Police Department</i>				
Forensic DNA Backlog Reduction Program	16.741	15PBJA-21-GG-03165-DNAX		259,063
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Paul Coverdell Forensic Sciences Improvement Grant	16.742	2021-PC-NFS-7802		<u>30,987</u>
TOTAL U.S. DEPARTMENT OF JUSTICE				<u><u>605,284</u></u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	JFSCES21 JFSCES22		\$26,762 6,556
Total - Employment Service/Wagner-Peyser Funded Activities				<u>33,318</u>
Unemployment Service Program	17.225	JFSCUR21 JFSCUR21 JFSCUR22		7,417 90,423 36,245
Total - Unemployment Service Program				<u>134,085</u>

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR - (Continued)</u>				
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Trade Adjustment Assistance - Workers	17.245	JFSCTR20		\$4,177
		JFSCTR21		1,045
Total - Trade Adjustment Assistance - Workers				5,222
Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	17.258	JFSCAP21		6,711
		JFSCAF22		47,823
		JFSCAP22		8,436
		JFSCAF23		82
		JFSCAF21		248,705
		JFSCAP21		91,320
		JFSCAF22		212,542
		JFSFSWBG		121,424
		JFSFSWBG		1,393
		JFSFSWBG		324
Total - WIA Adult Program				738,760
WIA Youth Activities	17.259	JFSCYP20		4,931
		JFSCYP21		2,799
		JFSCYP20		157,177
		JFSCYP21		211,942
Total - WIA Youth Activities				376,849
WIA Dislocated Worker Formula Grants	17.278	JFSCDP21		4,211
		JFSCDF22		28,055
		JFSCDP22		6,078
		JFSCDF23		2,742
		JFSCDF21		189,324
		JFSCDP21		44,367
		JFSCR21		1,083
		JFSCR22		252
Total - WIA Dislocated Worker Formula Grants				276,112
Total - Workforce Investment Act (WIA) Cluster				1,391,721
TOTAL U.S. DEPARTMENT OF LABOR				1,564,346

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. FEDERAL HIGHWAY ADMINISTRATION</u>				
<i>Passed Through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	20.205	PID 105936		\$2,458
		PID 112483		506,000
		PID 112485		393,128
		PID 115509		1,276,736
Total - Highway Planing and Construction Cluster				2,178,322
TOTAL U.S. FEDERAL HIGHWAY ADMINISTRATION				2,178,322
<u>U.S. DEPARTMENT OF TREASURY</u>				
<i>Passed Through the Ohio Office of Budget and Management:</i>				
COVID-19 Emergency Rental Assistance	21.023	N/A		2,275,554
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		2,623,789
TOTAL U.S. DEPARTMENT OF TREASURY				4,899,343
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Education:</i>				
<u>Special Education Cluster</u>				
Special Education: Grants to States	84.027	070037-6BSF-2017P		43,112
Special Education: Preschool Grants	84.173	070037-PGS1-2017		10,918
Total Special Education Cluster				54,030
COVID-19 Education Stabilization Fund Under the Conronavirus Aid, Relief, and Economic Security Act	84.425c	S425C200040		76,693
<i>Passed Through the Ohio Department of Developmental Disabilities:</i>				
Special Education-Grants for Infants and Families	84.181	N/A	\$254,734	254,734
TOTAL U.S. DEPARTMENT OF EDUCATION			254,734	385,457

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed through the Ohio Secretary of State:</i>				
HAVA Elections Security Grant	90.404	N/A		\$7,144
TOTAL ELECTION ASSISTANCE COMMISSION				7,144
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through the Ohio Department of Mental Health:</i>				
Block Grants for Community Mental Health Services	93.958		\$139,384	139,384
<i>Passed Through the Ohio Department of Alcohol & Drug Addiction Services:</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	446,594	446,594
		N/A	267,094	267,094
		N/A	31,674	31,674
		N/A	31,674	31,674
Total - Block Grants for Prevention and Treatment of Substance Abuse			777,036	777,036
<i>Passed Through the Ohio Department of Mental Health:</i>				
Projects for Assistance in Transition from Homelessness	93.150	N/A	54,750	54,750
		N/A	54,750	54,750
Total - Projects for Assistance in Transition from Homelessness			109,500	109,500
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Promoting Safe and Stable Families	93.556	JFSCPF22		26,363
		JFSCMC22		2,958
		JFSCPF22		16,800
		JFSCPF23		2,243
		JFSCPF22		5,998
		JFSCMC22		296
		JFSCPF22		407
		JFSCPF23		542
Total - Promoting Safe and Stable Families		JFSCPF22		6,955
				62,562

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - (Continued)</u>				
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Temporary Assistance for Needy Families	93.558	JFSCTF22		\$19,030
		JFSCTF23		2,051
		JFSCTF22		523,086
		JFSCTF23		13,959
		JFSCNF21		19,500
		JFSCTF22		2,000
		JFSCTF21		10,195
		JFSCTF22		4,056
		JFSCTF22		397,053
		JFSCTF22B		1,861
		JFSCTF20		61,785
		JFSCTF22		1,323,819
Total - Temporary Assistance for Needy Families				<u>2,378,395</u>
Child Support Enforcement	93.563	JFSCCS22		1,472,267
		JFSCCS23		555,995
		JFSFCS22I		695
		JFSFCS22I		1,700
		JFSFCS20I		466,470
		JFSFCS19I		67,442
Total - Child Support Enforcement				<u>2,564,569</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	JFSCCW22		3,250
		JFSCCW22		65,637
Total - Stephanie Tubbs Jones Child Welfare Services Program		JFSCCW22		<u>6,564</u>
				75,451

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - (Continued)</u>				
Foster Care Title IV-E	93.658	JFSCFC22		\$4,061
		JFSCFC23		752
		JFSOLF22		1,240,309
		JFSOLF23		525,037
		JFSCFC22		211,943
		JFSCFC23		61,038
Total - Foster Care Title IV-E				<u>2,043,140</u>
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Adoption Assistance	93.659	JFSCAA22		\$3,769
		JFSCAA23		367
		JFSCAA22		473,508
		JFSCAA23		158,121
		N/A		815
Total - Adoption Assistance				<u>636,580</u>
<i>Passed Through the Ohio Department of Mental Health:</i>				
Social Services Block Grant	93.667	N/A	\$90,208	90,208
		N/A	56,016	56,016
			<u>146,224</u>	<u>146,224</u>
<i>Passed Through the Ohio Department of Developmental Disabilities (DD):</i>				
Social Services Block Grant	93.667	N/A		121,468
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Social Services Block Grant	93.667	JFSCTX22		556,463
		JFSCTX23		290,000
		JFSCSS22		414,276
		JFSCSS23		12,000
				<u>1,272,739</u>
Total - Social Services Block Grant			<u>146,224</u>	<u>1,540,431</u>
<i>Passed through the Ohio Department of Jobs and Family Services:</i>				
Child Abuse and Neglect State Grant	93.669	N/A	66,784	72,467

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - (Continued)</u>				
<i>Passed Through The Ohio Department of Jobs and Family Services:</i>				
Medical Assistance Program	93.778	MCDFMT22		\$138,643
		MCDFMT23		77,154
		MCDFMT22		778,518
		MCDFMT23		300,015
Total - Medical Assistance Program				1,294,330
<i>Passed Through the Ohio Department of Mental Health and Addiction Services:</i>				
State Targeted Response to the Opioid Crisis Grants	93.788	N/A	\$297,472	297,472
		N/A	907,593	907,593
			1,205,065	1,205,065
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Child Care and Development Block Grant	93.575	JFSCCD22		21,050
		JFSCCD22		171,444
Total - Child Care and Development Block Grant				192,494
Chaffe Foster Care Independence Program	93.674	JFSCIL22		4,576
		JFSCIL23		1,837
Total Chaffe Foster Care Independence Program				6,413
Adult Protective Services	93.747	JFSCEB21		10,301
		JFSCEA21		13,267
Total Adult Protective Services				23,568
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,443,993	13,121,385

LAKE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR/ Pass-Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed Through the Ohio Department of Homeland Security:</i>				
Boating Safety Financial Assistance	97.012	FAIN#3321FAS210139		\$34,998
<i>Passed through the Ohio Emergency Management Agency</i>				
Emergency Management Performance Grant	97.042	EMPG FY 2021-23551 EMPG FY 2021-22-43		158,081 <u>51,145</u>
Total Homeland Security Grant Program				<u>209,226</u>
Homeland Security Grant Program	97.067	EMW-2018-SS-00038 EMW-2019-SS-00024 EMW-2020-SS-00037-S01		25,266 206,141 <u>112,242</u>
Total - Homeland Security Grant Program				<u>343,649</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>587,873</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>				
<i>Passed Through Great Lakes Observing System:</i>				
National Oceanic and Atmospheric Administration Grant	11.012	N/A		<u>62,266</u>
TOTAL FEDERAL AWARDS			<u>\$3,205,476</u>	<u>\$26,689,187</u>

The accompanying note is an integral part of this schedule

LAKE COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake County, Ohio (the County) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The County passes certain federal awards received from U.S. Department of Housing and Urban Development, the U.S. Department of Education, and the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE F - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2022 is \$11,963.

NOTE G - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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

Lake County
105 Main Street
P.O. Box 490
Painesville, Ohio 44077

To the County Commissioners:

We have audited, in accordance with the 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 (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of Lake County, Ohio (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 18, 2023.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lake County
105 Main Street
P.O. Box 490
Painesville, Ohio 44077

To the County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake County, Ohio's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lake County's major federal programs for the year ended December 31, 2022. Lake County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Lake County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

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LAKE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> ➤ SNAP, AL 10.561; ➤ WIA Cluster, 17.258/17.259/17.278; ➤ Emergency Rental Assistance, AL 21.023; ➤ Coronavirus State and Local Fiscal Recovery Funds, AL 21.027; ➤ Child Support Enforcement, AL 93.563; ➤ Opioid Crisis Grants, AL 93.788
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Low Risk

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



LAKE 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 9/28/2023

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

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