

VILLAGE OF LAKEMORE

SUMMIT COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021





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Village Council
Village of Lakemore
PO Box 455
Lakemore, OH 44250

We have reviewed the *Independent Auditor's Report* of the Village of Lakemore, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Lakemore is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2023

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**VILLAGE OF LAKEMORE
SUMMIT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Lakemore
Summit County
P.O. Box 455
Lakemore, Ohio 44250

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Lakemore, Summit County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or cashflows thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 16 to the 2022 and Note 15 to the 2021 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 5, 2023

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 108,412	\$ 361,397	\$ -	\$ -	\$ 469,809
Municipal Income Tax	792,296	-	-	114,276	906,572
Intergovernmental	248,984	397,150	-	100,000	746,134
Fines, Licenses and Permits	93,973	118,455	-	-	212,428
Charges for Services	2,300	-	-	-	2,300
Earnings on Investments	5	5	-	-	10
Miscellaneous	47,305	4,751	-	-	52,056
<i>Total Cash Receipts</i>	<u>1,293,275</u>	<u>881,758</u>	<u>-</u>	<u>214,276</u>	<u>2,389,309</u>
Cash Disbursements					
Current:					
Security of Persons & Property	678,037	735,096	-	-	1,413,133
Leisure Time Activities	61,292	509	-	-	61,801
Community Environment	12,346	-	-	100,000	112,346
Transportation	-	193,696	-	55,800	249,496
General Government	571,491	21,475	-	-	592,966
Capital Outlay	-	-	-	351,141	351,141
Debt Service:					
Principal Retirement	-	-	12,200	-	12,200
Interest & Fiscal Charges	-	-	3,021	71,252	74,273
<i>Total Cash Disbursements</i>	<u>1,323,166</u>	<u>950,776</u>	<u>15,221</u>	<u>578,193</u>	<u>2,867,356</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(29,891)	(69,018)	(15,221)	(363,917)	(478,047)
Other Financing Receipts (Disbursements)					
Sale of Notes	-	-	-	5,400,000	5,400,000
Transfers In	-	10,300	80,156	-	90,456
Transfers Out	(90,456)	-	-	-	(90,456)
Advances In	100,000	-	-	100,000	200,000
Advances Out	(100,000)	-	-	(100,000)	(200,000)
Other Financing Uses	(4,070)	-	-	-	(4,070)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(94,526)</u>	<u>10,300</u>	<u>80,156</u>	<u>5,400,000</u>	<u>5,395,930</u>
<i>Net Change in Fund Cash Balances</i>	(124,417)	(58,718)	64,935	5,036,083	4,917,883
<i>Fund Cash Balances, January 1</i>	<u>477,700</u>	<u>472,527</u>	<u>6,388</u>	<u>135,563</u>	<u>1,092,178</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 353,283</u>	<u>\$ 413,809</u>	<u>\$ 71,323</u>	<u>\$ 5,171,646</u>	<u>\$ 6,010,061</u>

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

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,544,552
Fines, Licenses and Permits	537
	2,545,089
<i>Total Operating Cash Receipts</i>	<i>2,545,089</i>
Operating Cash Disbursements	
Personal Services	219,835
Fringe Benefits	116,689
Contractual Services	1,734,726
Supplies and Materials	170,226
Other	94,024
	2,335,500
<i>Total Operating Cash Disbursements</i>	<i>2,335,500</i>
<i>Operating Income (Loss)</i>	<i>209,589</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	45,925
Other Debt Proceeds: OPWC	2,800
Miscellaneous Receipts	7,916
Principal Retirement	(42,054)
Interest and Other Fiscal Charges	(7,012)
	7,575
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>7,575</i>
<i>Net Change in Fund Cash Balance</i>	<i>217,164</i>
<i>Fund Cash Balances, January 1</i>	<i>787,599</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,004,763</i>

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

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Other Custodial</u>
Additions	
<i>Total Additions</i>	\$ -
Deductions	
Other Distributions	<u>888</u>
<i>Total Deductions</i>	<u>888</u>
<i>Net Change in Fund Cash Balance</i>	(888)
<i>Fund Cash Balances, January 1</i>	<u>65,632</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 64,744</u></u>

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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Lakemore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire/EMS and police services.

Public Entity Risk Pools and Related Organizations

The Village participates in public entity risk pools and related organizations. Notes 7, 13 and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire and Emergency Medical Services The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

American Rescue Act Fund The Village received funds in 2022 to assist with the reduction on overall revenues, increase of payroll and maintenance related to Coronavirus COVID-19. The funds afforded staffing, products, and services for the Village's safety services.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for payment on two ambulances, two fire chase vehicles, and two police cruisers afforded from USDA funding.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvements Fund The capital improvement fund accounts for and reports proceeds from income tax and special projects.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

Trash Operating Fund The trash operating fund accounts for trash collection services to the residential users located within the Village. The costs of providing these services are financed primarily through user charges.

Storm Sewer Fund The storm sewer fund accounts for the provision of storm sewer infrastructure for the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The custodial fund significant activity includes contractor deposits.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village maintains a general checking account.

Capital Assets

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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to some equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Compliance

Contrary to Ohio law, total appropriation exceeded total estimated resources in Storm Sewer Utility Fund for the year ended December 31, 2022.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,448,570	\$ 1,393,275	\$ (55,295)
Special Revenue	903,163	892,058	(11,105)
Debt Service	107,834	80,156	(27,678)
Capital Projects	5,600,000	5,714,276	(114,276)
Enterprise	2,703,525	2,601,730	101,795
Purpose Trust Fund	7,500	-	7,500

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,751,635	\$ 1,536,915	\$ 214,720
Special Revenue	1,050,363	961,073	89,290
Debt Service	100,996	33,942	67,054
Capital Projects	5,612,500	678,193	4,934,307
Enterprise	2,857,282	2,519,221	338,061
Purpose Trust Fund	1,295	595	700

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit account is as follows:

	2022
Demand deposit	\$ 7,079,568

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits (continued)

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management (continued)

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest available).

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Workers’ Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued 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.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OWDA Loan Well #5	\$ 108,142	2.09%
OWDA Loan Asset Management	3,351	0.00%
OPWC Sanitarium Road Watermain	117,086	0.00%
USDA 2017 Ambulance Bond - 54K	29,200	3.25%
USDA 2018 Ambulance Bond -74K	47,400	3.50%
Huntington Excavator Lease	89,860	3.58%
USDA Renovations Project	5,400,000	1.61%
	5,795,039	

The Ohio Water Development Authority (OWDA) loan related to a water and sewer plan expansion project which the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments from its water and sewer funds.

The Village received funds from OWDA to complete well #5 in 2014 and to perform an asset management study in 2019.

The Ohio Public Works Commission (OPWC) loan was obtained in 2019 for Sanitarium Road Water Main Improvement Ph II. The original amount of the loan was \$126,985 and has a term of 30 years and interest rate of 0%.

In 2022, the Village initiated another loan from OPWC for Sanitarium Road and Ackers Avenue Roadway Improvements and was approved for total assistance amount of \$26,589. In 2022, \$2,800 was disbursed. The project is still ongoing and as of fieldwork date in July 2023, and balance of the loan disbursed is \$20,004. The payments did not start until 2023. The loan has a term of 30 years and interest rate of 0%.

The United States Development Authority (USDA) bonds are made up of a \$54,000 Ambulance Improvement Bond, Series 2017 and a \$74,000 Ambulance Improvement Bond, Series. The two ambulance bonds have a term of 10 years at interest rates of 3.25% and 3.50%, respectively.

On November 23, 2021, the Village entered into a \$5,400,000 General Obligation Notes, Series 2021 with Huntington Bank to provide interim financing to pay the costs of constructing and improving multiple facilities within the Village. The Note has a term of 18 months with interest rate of 1.61%. The note is secured by a Limited Tax General Obligation and a pledge and assignment of the Issuer’s rights to the RUS loan and grant, as outlined in the August 11, 2021 Letter of Conditions and related correspondence from USDA. At the end of the term of the 18-month Note, it will be replaced by a bond from USDA. The bond will be paid from the Village’s income tax revenue.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

Leases

The Village leases copiers from Blue Technologies. The balance from the lease is \$16,720 as of December 31, 2022.

Financed Purchases

The Village has entered into financed purchase agreements for an excavator equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$32,519 for the excavator for the year ended December 31, 2022.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loan Well # 5	OWDA Asset Management Loan	OPWC 2018 Sanitarium Rd Improvement
2023	\$ 10,628	\$ 1,676	\$ 4,233
2024	10,628	1,675	4,233
2025	10,628		4,233
2026	10,628		4,233
2027	10,628		4,233
2028-2032	53,140		21,164
2033-2037	15,942		21,164
2038-2042			21,164
2043-2047			21,164
2048-2052			11,266
	<u>\$ 122,222</u>	<u>\$ 3,351</u>	<u>\$ 117,086</u>

Year Ending December 31:	USDA Ambulance Bond 74K	USDA Ambulance Bond 54K	Excavator Lease
2023	\$ 8,859	\$ 6,449	\$ 32,123
2024	8,907	6,470	32,123
2025	8,995	6,385	32,123
2026	8,872	6,396	
2027	8,892	6,402	
2028-2032	8,901		
	<u>\$ 53,426</u>	<u>\$ 32,102</u>	<u>\$ 96,369</u>

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (continued)

The \$5,400,000 will mature in 18 months and will be replaced by USDA bonds, whose final amount and amortization schedule have not been finalized.

The OPWC loan for \$2,800 for the Sanitarium Road and Ackers Avenue improvement is still ongoing and the amortization schedule has not been finalized.

In April 2022, the Village signed a new loan with OWDA for sanitary sewer evaluation study and fresh water. The loan approved is for \$85,110 with a rate of 2.41% and a term of 5 years. The project was not started until 2023.

Note 11 – Construction and Contractual Commitments

The Village replaced the storm sewer on the First and Second Street in 2022 with funds from Summit County Community Development Block Grant (CDBG). The Village replaced part of the sewer force main in 2022 with funds from OPWC. The Village had a Sanitary Sewer Evaluation Study done in 2022 with funds from OWDA.

Note 12 – Contingent Liabilities

The Village is defendant in a few lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Related Organizations

The Village is a participant in ESID (Energy Special Improvement District, Inc) along with other communities to receive and provide funding for energy-improving projects for the community or commercial properties. This funding is based and paid through property tax assessments rather than a loan that can impact the financial rating of the community or commercial entity. The Village's property taxes is assessed for the payment to the organization.

The Village is a participant in AMATS (Akron Metropolitan Area Transportation Study). Funding earmarked for transportation improvements from the federal government is managed by AMATS as the metropolitan planning organization. Funds are provided by and sought by AMATS for communities looking to improve safety of transportation. The Village uses AMATS grant to resurface Sanitarium Road. The Village has a local match that was paid to Karvo.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Related Organizations (continued)

The Village is a participant in the Greater Akron Chamber. The Village joined in 2020 to network with other agencies and receive the benefits as a member. The Village received a discount on health insurance with SummaCare as member of chamber. The Village paid \$400 as membership fee to this organization.

Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Total
Outstanding Encumbrances	\$ 19,223	\$ 10,297	\$ 18,721	\$ 48,241
<i>Total</i>	\$ 19,223	\$ 10,297	\$ 18,721	\$ 48,241

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – 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 Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Village received American Rescue Act grants to be distributed for use in 2022. The Village received \$162,182 in 2022 and was recorded in Special Revenue – American Rescue Act. The funds were used for payroll support and for operating supplies and materials.

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 106,278	\$ 376,397	\$ -	\$ -	\$ 482,675
Municipal Income Tax	812,430	-	-	108,463	920,893
Intergovernmental	239,501	752,067	-	-	991,568
Charges for Services	1,550	95,999	-	-	97,549
Fines, Licenses and Permits	88,574	-	-	-	88,574
Earnings on Investments	11	17	-	-	28
Miscellaneous	8,971	4,216	-	-	13,187
<i>Total Cash Receipts</i>	<u>1,257,315</u>	<u>1,228,696</u>	<u>-</u>	<u>108,463</u>	<u>2,594,474</u>
Cash Disbursements					
Current:					
Security of Persons and Property	780,859	686,667	-	-	1,467,526
Leisure Time Activities	24,999	-	-	-	24,999
Community Environment	12,626	-	-	-	12,626
Transportation	-	665,128	-	77,877	743,005
General Government	645,792	3,337	-	-	649,129
Debt Service:					
Principal Retirement	15,238	5,208	97,700	-	118,146
Interest & Fiscal Charges	785	292	8,366	-	9,443
<i>Total Cash Disbursements</i>	<u>1,480,299</u>	<u>1,360,632</u>	<u>106,066</u>	<u>77,877</u>	<u>3,024,874</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(222,984)	(131,936)	(106,066)	30,586	(430,400)
Other Financing Receipts (Disbursements)					
Transfers In	-	58,175	111,000	-	169,175
Transfers Out	(352,790)	-	-	-	(352,790)
Advances In	15,000	-	-	-	15,000
Advances Out	(15,000)	-	-	-	(15,000)
Other Financing Uses	(3,842)	-	-	-	(3,842)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(356,632)</u>	<u>58,175</u>	<u>111,000</u>	<u>-</u>	<u>(187,457)</u>
<i>Net Change in Fund Cash Balances</i>	(579,616)	(73,761)	4,934	30,586	(617,857)
<i>Fund Cash Balances, January 1, restated</i>	<u>1,057,316</u>	<u>546,288</u>	<u>1,454</u>	<u>104,977</u>	<u>1,710,035</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 477,700</u>	<u>\$ 472,527</u>	<u>\$ 6,388</u>	<u>\$ 135,563</u>	<u>\$ 1,092,178</u>

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

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,161,550
Fines, Licenses and Permits	2,821
	2,164,371
<i>Total Operating Cash Receipts</i>	2,164,371
Operating Cash Disbursements	
Personal Services	149,672
Fringe Benefits	79,869
Contractual Services	2,022,283
Supplies and Materials	84,244
Other	5,476
	2,341,544
<i>Total Operating Cash Disbursements</i>	2,341,544
<i>Operating Income (Loss)</i>	(177,173)
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	1,024
Capital Outlay	(7,010)
Principal Retirement	(49,174)
Interest and Other Fiscal Charges	(7,688)
	(62,848)
<i>Total Non-Operating Receipts (Disbursements)</i>	(62,848)
<i>Income (Loss) before Transfers/Advances</i>	(240,021)
Transfers In	183,615
Advances In	15,000
Advances Out	(15,000)
	(56,406)
<i>Net Change in Fund Cash Balance</i>	(56,406)
<i>Fund Cash Balances, January 1, restated</i>	844,005
<i>Fund Cash Balances, December 31</i>	\$ 787,599

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

**LAKEMORE VILLAGE
SUMMIT COUNTY
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Other Custodial
Additions	
Other Amounts Collected for Distribution	\$ 7,500
<i>Total Additions</i>	7,500
Deductions	
Other Distributions	1,300
<i>Total Deductions</i>	1,300
<i>Net Change in Fund Cash Balance</i>	6,200
<i>Fund Cash Balances, January 1</i>	59,432
<i>Fund Cash Balances, December 31</i>	\$ 65,632

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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Lakemore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire/EMS and police services.

Public Entity Risk Pools and Related Organizations

The Village participates in public entity risk pools and related organizations. Notes 7, 12 and 13 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire and Emergency Medical Services The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

American Rescue Act Fund The Village received one deposit in 2021 and will receive another deposit in 2022 to assist with the reduction on overall revenues, increase of payroll and maintenance related to Coronavirus COVID-19. The funds afforded staffing, products, and services for the Village's safety services.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for payment on two ambulances, two fire chase vehicles, and two police cruisers afforded from USDA funding.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvements Fund The capital improvement fund accounts for and reports proceeds from income tax and special projects.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

Trash Operating Fund The trash operating fund accounts for trash collection services to the residential users located within the Village. The costs of providing these services are financed primarily through user charges.

Storm Sewer Fund The storm sewer fund accounts for the provision of storm sewer infrastructure for the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The custodial fund significant activity includes contractor deposits.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village maintains a general checking account.

Capital Assets

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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Compliance

Contrary to Ohio law, total appropriation exceeded total estimated resources in several funds for the year ended December 31, 2021.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,426,532	\$ 1,272,315	\$ (154,217)
Special Revenue	876,213	1,286,871	410,658
Debt Service	111,200	111,000	(200)
Capital Projects	100,000	108,463	8,463
Enterprise	1,909,000	2,364,010	455,010
Purpose Trust Fund	7,500	7,500	-

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,030,570	\$ 1,888,533	\$ 142,037
Special Revenue	1,618,597	1,454,820	163,777
Debt Service	106,067	106,067	-
Capital Projects	116,614	79,727	36,887
Enterprise	2,583,811	2,559,000	24,811
Purpose Trust Fund	7,500	1,300	6,200

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit account is as follows:

	2021
Demand deposit	\$ 1,945,409

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (continued)

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Workers’ Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2021.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans (continued)

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan Well #5	\$ 116,380	2.09%
OWDA Loan Asset Management	5,027	0.00%
OPWC Sanitarium Road Watermain	118,519	0.00%
USDA 2017 Ambulance Bond - 54K	34,400	3.25%
USDA 2018 Ambulance Bond -74K	54,400	3.50%
Huntington Excavator Lease	117,767	3.58%
	<u>\$ 446,493</u>	

The Ohio Water Development Authority (OWDA) loan related to a water and sewer plan expansion project which the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments.

The Village received funds from OWDA to complete well #5 in 2014 and to perform an asset management study in 2019.

The Ohio Public Works Commission (OPWC) loan was obtained in 2019 for Sanitarium Road Water Main Improvement Ph II. The original amount of the loan was \$126,985 and has a term of 30 years and interest rate of 0%.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

The United States Development Authority (USDA) bonds are made up of a \$54,000 Ambulance Improvement Bond, Series 2017, a \$74,000 Ambulance Improvement Bond, Series 2018 and a \$105,000 Public Safety Vehicle Bond, Series 2019. The two ambulance bonds have a term of 10 years at interest rates of 3.25% and 3.50%, respectively. The public safety vehicle bonds were used to purchase two fire chase vehicles and two police cruisers. The public safety vehicle bonds were paid off in 2021.

Leases

The Village entered into a lease agreement for two copy machines. These have been paid off and replaced with new copiers from Blue Technologies. The balance from the lease is \$22,000 as of December 31, 2021.

Capital Lease

The Village has entered into financed purchases agreements for a Ford truck and Motorola radios for the police department and an excavator equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$37,428 to pay off the Ford truck and Motorola radios in 2021. The Village disbursed \$32,519 for the excavator for the year ended December 31, 2021.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loan Well # 5	OWDA Asset Management Loan	OPWC 2018 Sanitarium Rd Improvement
2022	\$ 10,628	\$ 1,676	\$ 4,233
2023	10,628	1,676	4,233
2024	10,628	1,675	4,233
2025	10,628	-	4,233
2026	10,628	-	4,233
2027-2031	53,140	-	21,164
2032-2036	26,570		21,164
2037-2041			21,164
2042-2046			21,164
2047-2051			12,698
	<u>\$ 132,850</u>	<u>\$ 5,027</u>	<u>\$ 118,519</u>

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

Year Ending December 31:	USDA Ambulance Bond 54K	USDA Ambulance Bond 74K	Excavator Lease
2022	\$ 6,318	\$ 8,904	\$ 32,123
2023	6,449	8,859	32,123
2024	6,470	8,907	32,123
2025	6,385	8,995	32,123
2026	6,396	8,872	
2027-2031	6,402	17,793	
	<u>\$ 38,420</u>	<u>\$ 62,330</u>	<u>\$ 128,492</u>

Note 11 – Contingent Liabilities

The Village is defendant in a few lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Related Organizations

The Village is a participant in ESID (Energy Special Improvement District, Inc) along with other communities to receive and provide funding for energy-improving projects for the community or commercial properties. This funding is based and paid through property tax assessments rather than a loan that can impact the financial rating of the community or commercial entity. The Village’s property taxes is assessed for the payment to the organization.

The Village is a participant in AMATS (Akron Metropolitan Area Transportation Study). Funding earmarked for transportation improvements from the federal government is managed by AMATS as the metropolitan planning organization. Funds are provided by and sought by AMATS for communities looking to improve safety of transportation. The Village uses AMATS grant to resurface Sanitarium Road. The Village has a local match that was paid to Karvo.

The Village is a participant in the Greater Akron Chamber. The Village joined in 2020 to network with other agencies and receive the benefits as a member. The Village received a discount on health insurance with SummaCare as member of chamber. The Village paid \$400 as membership fee to this organization.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 36,602	\$ 94,188	\$ 1,850	\$ 132,640
<i>Total</i>	\$ 36,602	\$ 94,188	\$ 1,850	\$ 132,640

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – 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 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Village received American Rescue Act grants to be distributed for use in 2021. The Village received \$160,898 in 2021 and was recorded in Special Revenue – American Rescue Act. The funds were used for payroll support and for operating supplies and materials.

Note 16 – Prior Period Adjustment

An error in the prior audit and voided checks caused the General fund balance to increase \$120,284 and the Special revenue Funds to decrease \$118,256. Voided checks caused the Enterprise funds balance to increase \$438.

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

Village of Lakemore
Summit County
P.O. Box 455
Lakemore, Ohio 44250

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Lakemore, Summit County (the Village) and have issued our report thereon dated July 5, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider item 2022-001 to be a material weakness.

Village of Lakemore

Summit County

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

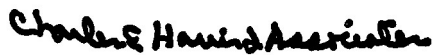
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-002.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.

July 5, 2023

**VILLAGE OF LAKEMORE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 - Material Weakness

During 2022 and 2021, the Village erroneously recorded several transactions. The more significant items are as follows:

- For both 2022 and 2021, the Village did not record homestead and rollbacks in to the proper funds. In 2022, the property taxes were overstated by \$7,981 in the General Fund; \$1,197 in the Special Revenue: Police Disability and Pension Fund; and \$13,340 in the Special Revenue: Fire/EMS Operating Levy Fund. Consequently, the intergovernmental account was understated by the same amounts in these funds. In 2021, the property taxes were overstated by \$7,901 in the General Fund; \$1,185 in the Special Revenue: Police Disability and Pension Fund; and \$13,323 in the Special Revenue: Fire/EMS Operating Levy Fund. Consequently, the intergovernmental account was understated by the same amounts in these funds.
- In 2022, the total debt service of \$49,067 in the Enterprise: Water Fund and \$425,414 in the Governmental Funds were recorded in Interest and Other Fiscal Charges rather than being allocated to Principal and Interest Charges.
- In 2021, the total debt principal retirement of \$49,174 in the Enterprise Fund was recorded as Capital Outlay disbursements rather than Principal and Interest Charges.
- In 2021, the debt service fund principal retirement in the Debt Service Fund was overstated by \$3,899 and the interest was understated by the same amount.
- The contract with Akron Department of Public Services for the master meter community agreement of \$1.3 million in 2022 and \$1.5 million in 2021 were classified as Miscellaneous disbursements instead of Contractual Services.
- An OPWC loan of \$2,800 in 2022 and the corresponding Contractual Services was not recorded in the Village UAN system.
- A grant from OPWC of \$403,320 in 2021 was classified as Miscellaneous revenue instead of Intergovernmental revenue.
- An interim note of \$5.4 million from Huntington Bank was posted in Debt Service Fund; and disbursements from the note to pay engineers, architects and other construction costs were charged in the Debt Service Fund, instead of the Capital Projects Fund.
- In both years, activity of the ERA/CRA Trust Fund was adjusted to the Custodial Fund from the Private Purpose Trust Fund since it is custodial in nature. Also, receipt and disbursement classifications were changed.
- Various adjustments were necessary to correct errors or omissions in the notes to the financial statements.

Adjustments were made in the financial statements and Village's books.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officers' Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management Response:

We did not receive a response from management to this finding

**VILLAGE OF LAKEMORE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS (Continued)
December 31, 2022 and 2021**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)**

Finding Number: 2022-002 – Noncompliance

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In 2021, total appropriations exceeded total estimated resources in the following funds:

Fund	Fund Name	Amount of total appropriation in excess of total estimated resources
2011	SCMR	\$ (423,335)
2062	Local Coronavirus Grant	(78,117)
2907	Summit County COVID-19 PSGP	(15,860)
5201	Sewer Operating	(196,203)
5701	Storm Sewer Utility	(50,744)

In 2022, total appropriations exceeded total estimated resources in the following fund:

Fund	Fund Name	Amount of total appropriation in excess of total estimated resources
5701	Storm Sewer Utility	\$ (11,779)

We recommend that the Village monitor its budget regularly against its available resources so as to prevent appropriations from exceeding its estimated resources.

Management Response:

We did not receive a response from management to this finding

**VILLAGE OF LAKEMORE
SUMMIT COUNTY**
*Schedule of Prior Findings
(Prepared by Management)
December 31, 2022 and 2021*

Finding Number	Finding Summary	Status	Additional Information
2020-001	ORC Section 5705.41(B) Non-compliance - Expenditures exceeding Appropriations	Corrected	
2020-002	Material Weakness – financial statement misclassifications	Not corrected	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LAKEMORE

SUMMIT 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 8/29/2023

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