



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, 2021, 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, 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, 2021, 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, ADAMHS 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.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 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 19, 2022, 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 19, 2022

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LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2021* *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, 2021. 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 2021 are as follows:

- In total, net position increased \$111,595,809. Net position of governmental activities increased \$94,363,443, which represents a 39 percent increase from 2020. Net position of business-type activities increased \$17,232,366 or 7 percent from 2020.
- General revenues accounted for \$129,515,463 in revenue or 46 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$151,760,962 or 54 percent of total revenues of \$281,276,425.
- Total assets of governmental activities increased by \$56,759,219, and total assets of business-type activities increased by \$8,783,268.
- The County had \$126,212,116 in expenses related to governmental activities; only \$91,202,343 of these expenses were offset by program specific charges for services, grants or contributions. Additional general revenues of \$129,273,216 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 \$89,422,307 from \$119,167,967 and the OPEB liability decreased by the full liability amount of \$81,068,624 and the net OPEB asset increased \$8,824,867. 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, 2021* *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 2021?" 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 County Port Authority (the Port 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 Port Authority was created during 2007 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.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2021* *Unaudited*

The Port 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, 2021* *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.

Other Information - In addition to the basic financial statements, the accompanying notes, and the required supplementary information, this report also presents combining and individual fund statements and schedules.

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LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2021 Unaudited

Government-wide Financial Analysis

The following provides a summary of the County's Net Position for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 391,203,623	\$ 339,806,614	\$ 71,268,653	\$ 66,781,460	\$ 462,472,276	\$ 406,588,074
Capital assets, net	178,704,559	182,566,234	249,572,794	247,053,590	428,277,353	429,619,824
Net Pension Asset	1,429,966	1,030,948	276,437	199,300	1,706,403	1,230,248
Net OPEB Asset	8,911,775	86,908	1,699,734	-	10,611,509	86,908
Total Assets	580,249,923	523,490,704	322,817,618	314,034,350	903,067,541	837,525,054
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	90,460	114,057	-	-	90,460	114,057
Pension	11,581,974	16,772,471	2,049,707	2,834,796	13,631,681	19,607,267
OPEB	4,518,435	10,907,818	869,215	1,962,611	5,387,650	12,870,429
Total Deferred Outflows of Resources	16,190,869	27,794,346	2,918,922	4,797,407	19,109,791	32,591,753
LIABILITIES						
Current and other liabilities	40,461,446	16,994,124	5,896,842	4,301,399	46,358,288	21,295,523
Long-term liabilities:						
Due within one year	2,961,522	2,946,950	10,382,537	11,148,958	13,344,059	14,095,908
Due in more than one year						
Net Pension Liability	75,053,115	101,194,660	14,369,192	17,973,307	89,422,307	119,167,967
Net OPEB Liability	-	68,674,511	-	12,394,113	-	81,068,624
Other Amounts	28,292,989	36,981,540	26,652,264	27,383,487	54,945,253	64,365,027
Total Liabilities	146,769,072	226,791,785	57,300,835	73,201,264	204,069,907	299,993,049
DEFERRED INFLOWS OF RESOURCES						
Property taxes	53,306,617	49,643,511	-	-	53,306,617	49,643,511
Pension	33,718,114	23,136,407	6,387,479	4,148,019	40,105,593	27,284,426
OPEB	27,301,705	10,731,506	5,251,735	1,918,349	32,553,440	12,649,855
Total Deferred Inflows of Resources	114,326,436	83,511,424	11,639,214	6,066,368	125,965,650	89,577,792
NET POSITION						
Net investment in capital assets	156,724,941	153,893,427	224,783,878	221,361,979	381,508,819	375,255,406
Restricted	217,962,688	192,408,861	-	-	217,962,688	192,408,861
Unrestricted	(39,342,345)	(105,320,447)	32,012,613	18,202,146	(7,329,732)	(87,118,301)
Total Net Position	\$ 335,345,284	\$ 240,981,841	\$ 256,796,491	\$ 239,564,125	\$ 592,141,775	\$ 480,545,966

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2021. 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, 2021* *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 \$592,141,775 (\$335,345,284 in governmental activities and \$256,796,491 in business type activities) as of December 31, 2021.

A large portion of the County's net position \$381,508,819 (64 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, \$217,962,688 (37 percent), represent resources that are subject to external restriction on how they may be used. The remaining balance of (\$7,329,732) 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, 2021 Unaudited

As of December 31, 2021, the County is able to report positive balances in two of 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 all categories of net position in 2021 and 2020 without the inclusion of these liabilities.

Total assets increased \$65,542,487 which represented a 8 percent increase over 2020. Total assets of governmental activities increased \$56.8 million primarily due to an increase cash and cash equivalents of \$44.2 million, which was offset by a decrease in capital assets of \$3.9 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 GASB 84 resulting in the allocation of non-fiduciary cash to the governmental funds and the increase in net OPEB Asset.

Total assets of business-type activities increased \$8.8 million primarily due to an increase in current and other assets of \$4.5 million, an increase in capital assets of \$2.5 million, and increase in net OPEB asset of \$1.7 million.

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 2021 and 2020.

LAKE COUNTY, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2021 Unaudited

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for services	\$ 30,903,669	\$ 30,198,993	\$ 57,036,285	\$ 43,438,959	\$ 87,939,954	\$ 73,637,952
Operating grants and contributions	59,998,674	41,257,467	-	-	59,998,674	41,257,467
Capital grants and contributions	300,000	3,359,698	3,522,334	1,489,713	3,822,334	4,849,411
Total Program Revenues	91,202,343	74,816,158	60,558,619	44,928,672	151,760,962	119,744,830
General Revenues:						
Property taxes	50,855,446	54,330,277	-	-	50,855,446	54,330,277
Sales Tax	45,676,969	40,006,311	-	-	45,676,969	40,006,311
Conveyance Tax	5,730,037	4,448,108	-	-	5,730,037	4,448,108
Lodging Tax	1,948,460	1,259,094	-	-	1,948,460	1,259,094
Grants and entitlements	12,587,365	22,544,844	-	-	12,587,365	22,544,844
Investment income	1,107,535	5,189,475	-	-	1,107,535	5,189,475
Gain on Sale of Capital Assets	112,751	-	72,413	-	185,164	-
All other revenues	11,254,653	11,523,884	169,834	380,360	11,424,487	11,904,244
Total General Revenues	129,273,216	139,301,993	242,247	380,360	129,515,463	139,682,353
Total Revenues	220,475,559	214,118,151	60,800,866	45,309,032	281,276,425	259,427,183
EXPENSES						
Program Expenses:						
General government	(6,993,072)	33,303,928	-	-	(6,993,072)	33,303,928
Judicial and Public Safety	48,674,522	48,975,811	-	-	48,674,522	48,975,811
Public Works	24,630,386	16,008,088	-	-	24,630,386	16,008,088
Human Services	40,316,505	70,571,264	-	-	40,316,505	70,571,264
Health	16,401,672	16,811,781	-	-	16,401,672	16,811,781
Community and Economic Development	2,815,331	5,071,034	-	-	2,815,331	5,071,034
Interest and fiscal charges	366,772	980,723	-	-	366,772	980,723
Water	-	-	23,012,402	17,214,622	23,012,402	17,214,622
Wastewater	-	-	13,611,199	18,949,706	13,611,199	18,949,706
Solid Waste	-	-	6,844,899	8,349,956	6,844,899	8,349,956
Total Expenses	126,212,116	191,722,629	43,468,500	44,514,284	169,680,616	236,236,913
Change in Net Position before Transfers	94,263,443	22,395,522	17,332,366	794,748	111,595,809	23,190,270
Transfers	100,000	100,000	(100,000)	(100,000)	-	-
Change in Net Position	94,363,443	22,495,522	17,232,366	694,748	111,595,809	23,190,270
Net Position - Beginning of Year	240,981,841	218,486,319	239,564,125	238,869,377	480,545,966	457,355,696
Net Position - End of Year	\$ 335,345,284	\$ 240,981,841	\$ 256,796,491	\$ 239,564,125	\$ 592,141,775	\$ 480,545,966

Total governmental activities expenses decreased from \$191,722,629 in 2020 to \$126,212,116 in 2021. Due to changes in the net OPEB plan, the County recorded a credit of \$65,308,155 to expenses in 2021, which accounted for the deficit amount in general government expenses. Of the total \$126.2 million in governmental activities expenses, \$30,903,669 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

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For governmental activities, operating grants and contributions increased from \$41,257,467 in 2020 to \$59,998,674 in 2021 due to an increase in grants received. In 2021 property taxes decreased and sales tax increased versus 2020. Real estate conveyance taxes increased by \$1.2 million in 2021, which represents a 29 percent increase, which reflects the thriving housing market in the County. Investment earnings decreased by \$4.1 million from the prior year as interest rates fell. Charges for services to users in the business-type activities amounted to \$57,036,285 and an additional \$3,522,334 was received during the year for grants and contributions for operating and capital expenses. These two revenue sources more than offset the \$43,468,500 in expenses for business-type activities.

The human services program is the second largest program and accounted for \$40,316,505 of expenditures for governmental activities, or 32 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 decreased \$30.5 million in 2021, as compared to 2020, mainly due to the credit to the expense in the amount of 27.2 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 \$40,598,289 in 2021 as compared to 2020. 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 causing a negative expense. 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. This program realized an increase in expenses of \$8,622,298.

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 \$260,864,599. Of this total amount, \$25,544,129 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, 2021* *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 \$25,563,515 while the total fund balance was \$55,870,630. 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 46 percent of total General Fund expenditures, while total fund balance exceeds 100 percent of that same amount.

The fund balance of the County's General Fund increased by \$1.6 million during the current fiscal year. Overall General Fund revenues decreased in 2021 by \$1.3 million as compared to the previous year. The primary reason for this decrease is a decrease in property taxes and interest. These decreases were partially offset by an increase in sales tax revenue, fines and forfeitures, fees and charges for services. All other revenue sources had nominal increases or decreases. Transfers to other governmental funds for operating purposes amounted to \$19.6 million during 2021.

With respect to the fund balances of the other major governmental funds, the DD Board Fund increased by \$2.3 million primarily due to an increase in intergovernmental revenue. The fund balance of the ADAMHS Board Fund decreased by \$897,809 primarily because of decreased expenditures in 2021, 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 \$7,953,002. This increase was primarily due to the decrease in net OPEB liability, which has a corresponding increase on unrestricted net position. Unrestricted net position for the Wastewater Fund amounted to \$12,977,442, which is also the result of the decrease in net OPEB liability. The Solid Waste Fund's unrestricted net position amounted to \$11,082,169, which is due to the decrease of net OPEB liability. Operating revenues for all proprietary funds increased from \$43,789,158 to \$57,206,119, or 31 percent, in 2021 as compared to 2020 while operating expenses also increased by \$1,094,255, or 2 percent. The revenue decrease is primarily due to an increase in water sales. 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, 2021 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 \$18,825,599 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 \$2,347,572 more than the final certification due to transfers in.

Final budgeted expenditures and other financing uses, increased from the original budget. However, actual expenditures and other financing uses were \$5,041,248 less than final budgeted appropriations, which amounted to a 7 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 2021 values compared to 2020.

Capital Assets at December 31 (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,274,075	\$ 3,150,279	\$ 4,602,592	\$ 4,602,592	\$ 7,876,667	\$ 7,752,871
Construction in progress	44,156,367	51,179,536	31,588,162	28,005,094	75,744,529	79,184,630
Total Non-Depreciable	47,430,442	54,329,815	36,190,754	32,607,686	83,621,196	86,937,501
Land improvements	858,173	879,444	23,024	28,399	881,197	907,843
Buildings and Improvements	40,284,047	43,016,441	-	-	40,284,047	43,016,441
Furniture, Fixtures, and Equipment	14,209,786	14,291,407	1,454,851	1,844,650	15,664,637	16,136,057
Infrastructure	75,922,111	70,049,127	-	-	75,922,111	70,049,127
Utility Plant in Service	-	-	211,904,165	212,572,855	211,904,165	212,572,855
Total Depreciable, Net of Depreciation	131,274,117	128,236,419	213,382,040	214,445,904	344,656,157	342,682,323
Total Capital Assets, Net of Depreciation	\$ 178,704,559	\$ 182,566,234	\$ 249,572,794	\$ 247,053,590	\$ 428,277,353	\$ 429,619,824

The County's investment in capital assets for its governmental and business type activities as of December 31, 2021, amount to \$381,508,819 (net of accumulated depreciation and related debt). This investment in capital assets includes land, construction in progress, buildings and improvements, 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, 2021 Unaudited

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

- HVAC replacements in Nolan and Administration Building
- Microwave upgrades throughout the county for EMA including upgrade and replacement of emergency radios
- Emergency Operations Center upgrades to building and infrastructure including HVAC and metal roof
- Video conferencing upgrades in various courthouse
- Courthouse parking improvements
- New vehicles for Utilities and Engineer's office to replace existing fleet
- Security improvements including access control units for doors at various buildings
- New utility line and other infrastructure improvements for Water and Sanitary Engineer's department.

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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 5,322,000	\$ 6,355,000	1,643,292	\$ 1,815,145	\$ 6,965,292	\$ 8,170,145
Special Assessment Bonds	4,686,708	5,309,855	-	-	4,686,708	5,309,855
OWDA Loans	-	-	11,834,031	12,368,163	11,834,031	12,368,163
Other Long-term Liabilities	434,423	500,175	1,260,492	1,366,771	1,694,915	1,866,946
Capital Leases	107,866	165,332	-	-	107,866	165,332
Notes Payable	10,250,000	16,342,445	9,349,000	10,141,532	19,599,000	26,483,977
Unamortized Premium on Debt	269,081	371,752	-	-	269,081	371,752
Landfill Closure & Postclosure	-	-	11,035,995	10,905,133	11,035,995	10,905,133
Compensated Absences	10,184,433	10,883,931	1,911,991	1,935,701	12,096,424	12,819,632
Net Pension Liability	75,053,115	101,194,660	14,369,192	17,973,307	89,422,307	119,167,967
Net OPEB Liability	-	68,674,511	-	12,394,113	-	81,068,624
Total Outstanding Debt	\$ 106,307,626	\$ 209,797,661	51,403,993	\$ 68,899,865	\$ 157,711,619	\$ 278,697,526

Of the debt outstanding at December 31, 2021, 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, 2021* *Unaudited*

Interest and fiscal charges amounted to 307k of expenses for governmental activities.

The County's governmental long-term general obligations decreased by \$103,490,035, or 49 percent, in 2021. The County issued a note in the amount of \$11,250,000 (of which \$1 mill is reported as short-term) in 2021 for an administration building project and additional motor vehicles. The net pension liability decreased over \$26 million from the prior year and the net OPEB liability decreased \$68.7 million, resulting in the large overall decrease.

The long-term obligations for business-type activities decreased by \$17,495,872, or 25 percent, during 2021. During the year, the County retired \$10.1 million in business-type activities long-term notes and also reissued \$9.6 million in business-type activities notes. The net pension liability decreased over \$3.6 million and the net OPEB liability decreased over 12 million from the prior year resulting in the overall decrease.

The County maintains an "Aa1" credit rating from Moody's Investor Services, Inc. The overall debt margin at December 31, 2021 was \$179.4 million with an unvoted total debt margin of \$64.2 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 2021 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.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2021* *Unaudited*

Inflationary trends for the County improved in 2021. The unemployment rate for the County at the end of 2021 was 5.4 percent, which was a decrease from the 5.5 percent at the end of 2020. The County's rate compares favorably to the State rate of 3.6 percent at the end of 2021 but is slightly higher than the Federal rate of 3.9 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. 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 2021. 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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Workshop	Port Authority
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 296,805,150	\$ 58,596,381	\$ 355,401,531	\$ 935,690	\$ 1,698,297
Receivables:					
Property Taxes	55,732,214	-	55,732,214	-	-
Sales Tax	7,658,824	-	7,658,824	-	-
Accounts	841,101	6,134,319	6,975,420	45,743	51,667
Unbilled Accounts	-	4,672,599	4,672,599	-	-
Other Assets and Receivables	-	-	-	(4,758)	395,968
Special Assessments	10,693,036	-	10,693,036	-	-
Accrued Interest	2,438,626	-	2,438,626	-	-
Due from Other Governments	15,517,118	-	15,517,118	-	-
Materials and Supplies Inventory	872,760	1,819,935	2,692,695	465	-
Internal Balances	9,237	(9,237)	-	-	-
Loans Receivable	229,292	-	229,292	-	-
Prepaid Items	406,265	54,656	460,921	9,337	16,135
Nondepreciable Capital Assets	47,430,442	36,190,754	83,621,196	-	9,014,888
Depreciable Capital Assets	131,274,117	213,382,040	344,656,157	5,280	1,761,412
Net Pension Asset	1,429,966	276,437	1,706,403	-	34,833
Net OPEB Asset	8,911,775	1,699,734	10,611,509	-	36,629
Total Assets	580,249,923	322,817,618	903,067,541	991,757	13,009,829
DEFERRED OUTFLOWS OF RESOURCES					
Deferral on Refunding	90,460	-	90,460	-	-
Pension	11,581,974	2,049,707	13,631,681	-	49,320
OPEB	4,518,435	869,215	5,387,650	-	19,513
Total Deferred Outflows of Resources	16,190,869	2,918,922	19,109,791	-	68,833
LIABILITIES					
Accounts Payable	2,231,622	1,761,482	3,993,104	8,958	170,282
Accrued Wages and Benefits	2,670,477	427,424	3,097,901	28,168	-
Due to Other Governments	1,480,837	360,498	1,841,335	-	1,867
Employee Withholding and Benefits Payable	10,206,016	212,313	10,418,329	-	-
Matured Compensated Absences Payable	206,355	-	206,355	-	10,077
Accrued Interest Payable	73,151	49,434	122,585	-	-
Retainage Payable	145,885	337,994	483,879	-	-
Other Payables	-	-	-	3,450	292,144
Customer Deposits	-	433,621	433,621	-	-
Claims Payable	209,441	-	209,441	-	-
Unearned Revenue	22,237,662	2,314,076	24,551,738	-	-
Notes Payable	1,000,000	-	1,000,000	-	-
Long-term Liabilities:					
Due within one year	2,961,522	10,382,537	13,344,059	-	10,000
Due in more than one year:					
Net Pension Liability	75,053,115	14,369,192	89,422,307	-	133,567
Other Amounts Due in more than one year	28,292,989	26,652,264	54,945,253	-	100,000
Total Liabilities	146,769,072	57,300,835	204,069,907	40,576	717,937
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	53,306,617	-	53,306,617	-	-
Gain on Sale of Land	-	-	-	-	237,218
Pension	33,718,114	6,387,479	40,105,593	-	250,079
OPEB	27,301,705	5,251,735	32,553,440	-	201,013
Total Deferred Inflows of Resources	114,326,436	11,639,214	125,965,650	-	688,310
NET POSITION					
Net Investment in Capital Assets	156,724,941	224,783,878	381,508,819	5,280	10,666,300
Restricted for:					
Debt Service	6,961,421	-	6,961,421	-	-
Capital Projects	68,601,204	-	68,601,204	-	130,953
Roads and Bridges	8,013,438	-	8,013,438	-	-
Health Programs	8,102,404	-	8,102,404	-	-
Public Assistance/Human Services	54,592,424	-	54,592,424	-	-
Economic Development	8,591,064	-	8,591,064	-	-
Children's Services Programs	10,359,731	-	10,359,731	-	-
Other Public Works Activity	19,751,852	-	19,751,852	-	-
Judicial/Public Safety Grants/Programs	15,665,933	-	15,665,933	-	-
Other Purposes	17,323,217	-	17,323,217	9,055	-
Unrestricted (Deficit)	(39,342,345)	32,012,613	(7,329,732)	936,846	875,162
Total Net Position	\$ 335,345,284	\$ 256,796,491	\$ 592,141,775	\$ 951,181	\$11,672,415

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, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Judicial and Public Safety	\$ 48,674,522	\$ 11,621,775	\$ 2,957,890	\$ -
Health	16,401,672	702,889	5,198,582	-
Human Services	40,316,505	2,403,929	28,557,484	-
Community and Economic Development	2,815,331	-	1,844,299	-
Public Works	24,630,386	5,695,259	20,953,105	-
General Government	(6,993,072)	10,479,817	487,314	300,000
Interest and Fiscal Charges	366,772	-	-	-
Total Governmental activities	126,212,116	30,903,669	59,998,674	300,000
Business-type activities:				
Water	23,012,402	29,482,885	-	1,189,905
Wastewater	13,611,199	19,987,610	-	2,332,429
Solid Waste	6,844,899	7,565,790	-	-
Total Business-type activities	43,468,500	57,036,285	-	3,522,334
Total Primary Government	\$ 169,680,616	\$ 87,939,954	\$ 59,998,674	\$ 3,822,334
Component Units:				
Workshop	\$ 1,030,619	\$ 442,446	\$ 535,572	\$ -
Port Authority	2,285,594	400,411	742,818	2,001,944
Total Component Units	\$ 3,316,213	\$ 842,857	\$ 1,278,390	\$ 2,001,944

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	Port Authority
\$ (34,094,857)	\$ -	\$ (34,094,857)	\$ -	\$ -
(10,500,201)	-	(10,500,201)	-	-
(9,355,092)	-	(9,355,092)	-	-
(971,032)	-	(971,032)	-	-
2,017,978	-	2,017,978	-	-
18,260,203	-	18,260,203	-	-
(366,772)	-	(366,772)	-	-
<u>(35,009,773)</u>	<u>-</u>	<u>(35,009,773)</u>	<u>-</u>	<u>-</u>
-	7,660,388	7,660,388	-	-
-	8,708,840	8,708,840	-	-
-	720,891	720,891	-	-
-	17,090,119	17,090,119	-	-
<u>\$ (35,009,773)</u>	<u>\$ 17,090,119</u>	<u>\$ (17,919,654)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (52,601)	\$ -
-	-	-	-	859,579
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(52,601)</u>	<u>859,579</u>
3,067,291	-	3,067,291	-	-
24,712,337	-	24,712,337	-	-
8,418,760	-	8,418,760	-	-
5,528,995	-	5,528,995	-	-
1,058,493	-	1,058,493	-	-
3,683,283	-	3,683,283	-	-
4,386,287	-	4,386,287	-	-
45,676,969	-	45,676,969	-	-
5,730,037	-	5,730,037	-	-
1,948,460	-	1,948,460	-	-
12,587,365	-	12,587,365	-	-
1,107,535	-	1,107,535	3,860	867
112,751	72,413	185,164	-	47,382
11,254,653	169,834	11,424,487	-	9,881
100,000	(100,000)	-	-	-
<u>129,373,216</u>	<u>142,247</u>	<u>129,515,463</u>	<u>3,860</u>	<u>58,130</u>
94,363,443	17,232,366	111,595,809	(48,741)	917,709
240,981,841	239,564,125	480,545,966	999,922	10,754,706
<u>\$ 335,345,284</u>	<u>\$ 256,796,491</u>	<u>\$ 592,141,775</u>	<u>\$ 951,181</u>	<u>\$ 11,672,415</u>

LAKE COUNTY, OHIO

Balance Sheet Governmental Funds December 31, 2021

	General Fund	Developmental Disabilities Board	ADAMHS	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 52,094,557	\$ 44,416,369	5,603,214	\$ 22,249,287	\$ 149,741,921	\$ 274,105,348
Cash and Cash Equivalents:			-	-		
In Segregated Accounts	3,904,582	-	-	-	-	3,904,582
Receivables:						
Property Taxes	5,901,931	25,751,147	8,753,491	-	15,325,645	55,732,214
Sales Tax	7,658,824	-	-	-	-	7,658,824
Accounts	481,532	627	-	-	342,206	824,365
Special Assessments	-	-	-	-	10,693,036	10,693,036
Accrued Interest	2,437,989	-	-	-	637	2,438,626
Due from Other Funds	28,132	-	-	-	165,094	193,226
Due from Other Governments	245,713	502,237	2,676,326	-	11,973,261	15,397,537
Materials and Supplies Inventory	-	-	-	-	831,756	831,756
Interfund Receivable	19,765	-	-	-	-	19,765
Loans Receivable	-	-	-	-	229,292	229,292
Prepaid Items	345,998	30,723	4,569	-	24,853	406,143
Total Assets	\$ 73,119,023	\$ 70,701,103	\$ 17,037,600	\$ 22,249,287	\$ 189,327,701	\$ 372,434,714
Liabilities:						
Accounts Payable	\$ 379,489	150,960	347,599	\$ 11,625	\$ 1,287,136	\$ 2,176,809
Accrued Wages and Benefits	1,146,128	747,790	27,038	-	743,562	2,664,518
Matured Compensated Absences Payable	119,179	69,789	-	-	17,387	206,355
Employee Withholdings and Benefits Payable	9,162,914	392,562	14,426	-	636,114	10,206,016
Due to Other Governments	515,132	173,285	12,577	-	775,709	1,476,703
Retainage Payable	-	-	-	-	145,885	145,885
Due to Other Funds	15,963	-	-	-	198,055	214,018
Interfund Payable	-	-	-	-	19,765	19,765
Unearned Revenue	-	-	-	22,237,662	-	22,237,662
Notes Payable	-	-	-	-	1,000,000	1,000,000
Total Liabilities	11,338,805	1,534,386	401,640	22,249,287	4,823,613	40,347,731
Deferred Inflows of Resources:						
Property Taxes	5,638,713	24,592,512	8,358,838	-	14,716,554	53,306,617
Unavailable Revenue - Delinquent Property Taxes	263,218	1,158,635	394,653	-	609,091	2,425,597
Unavailable Revenue - Special Assessments	-	-	-	-	4,509,041	4,509,041
Unavailable Revenue - Intergovernmental	7,657	-	1,949,462	-	9,024,010	10,981,129
Total Deferred Inflows of Resources	5,909,588	25,751,147	10,702,953	-	28,858,696	71,222,384
Fund Balances:						
Nonspendable	1,136,940	30,723	4,569	-	856,609	2,028,841
Restricted	-	43,384,847	5,928,438	-	154,808,169	204,121,454
Committed	27,280,040	-	-	-	-	27,280,040
Assigned	1,890,135	-	-	-	-	1,890,135
Unassigned (Deficit)	25,563,515	-	-	-	(19,386)	25,544,129
Total Fund Balances	55,870,630	43,415,570	5,933,007	-	155,645,392	260,864,599
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 73,119,023	\$ 70,701,103	\$ 17,037,600	\$ 22,249,287	\$ 189,327,701	\$ 372,434,714

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, 2021*

Total Governmental Funds Balance		\$ 260,864,599
<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		178,704,559
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenues in the funds:		
Property Taxes	2,425,597	
Special Assessments	4,509,041	
Intergovernmental	10,981,129	
Total		17,915,767
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due.		(73,151)
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.		18,728,345
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	11,581,974	
Deferred Inflows - Pension	(33,718,114)	
Net Pension Asset	1,429,966	
Net OPEB Asset	8,911,775	
Net Pension Liability	(75,053,115)	
Deferred Outflows - OPEB	4,518,435	
Deferred Inflows - OPEB	(27,301,705)	
Total		(109,630,784)
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	(15,580,409)	
Special assessment bonds	(4,686,708)	
Unamortized premiums	(260,672)	
Deferral on refunding	90,460	
Compensated absences	(10,184,433)	
Capital leases	(107,866)	
OPWC loans	(434,423)	
Total		(31,164,051)
Net Position of Governmental Activities		\$ 335,345,284

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, 2021

	General Fund	Developmental		American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
		Disabilities Board	ADAMHS			
REVENUES						
Property Taxes	\$ 3,079,388	\$ 24,902,285	\$ 8,464,303	\$ -	\$ 14,845,919	\$ 51,291,895
Sales Tax	45,676,969	-	-	-	-	45,676,969
Conveyance and Other Local Taxes	5,668,384	-	-	-	2,095,656	7,764,040
Intergovernmental	7,366,232	16,035,650	5,861,864	114,211	41,469,050	70,847,007
Interest	1,099,304	-	-	-	8,231	1,107,535
Licenses and Permits	1,502,216	-	-	-	1,297,055	2,799,271
Fines and Forfeitures	63,030	-	-	-	1,605,612	1,668,642
Fees and Charges for Services	9,711,178	-	-	-	11,784,244	21,495,422
Contributions and Donations	-	9,118	-	-	26,879	35,997
Special Assessments	-	-	-	-	5,764,032	5,764,032
All Other Revenues	2,922,802	1,509,597	1,596,015	-	5,226,572	11,254,986
Total Revenues	77,089,503	42,456,650	15,922,182	114,211	84,123,250	219,705,796
EXPENDITURES						
Judicial and Public Safety	40,071,678	-	-	-	12,464,740	52,536,418
Health	25,776	-	11,172,366	-	1,045,164	12,243,306
Human Services	984,929	38,732,008	-	-	27,057,976	66,774,913
Community and Economic Development	-	-	-	-	2,867,215	2,867,215
Public Works	230,298	-	-	-	18,409,987	18,640,285
General Government	14,767,612	-	-	114,211	6,456,640	21,338,463
Capital Outlay	-	-	3,852,007	-	8,410,790	12,262,797
Debt Service:	-	-	-	-	-	-
Principal Retirement	-	-	-	-	18,078,899	18,078,899
Interest and Fiscal Charges	-	-	-	-	725,367	725,367
Bond Issuance Costs	-	-	-	-	54,218	54,218
Total Expenditures	56,080,293	38,732,008	15,024,373	114,211	95,570,996	205,521,881
Excess of Revenues Over (Under) Expenditures	21,009,210	3,724,642	897,809	-	(11,447,746)	14,183,915
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	43,340	-	-	-	69,411	112,751
Inception of Capital Lease	-	-	-	-	54,555	54,555
Note Issuances	-	-	-	-	10,250,000	10,250,000
Refunding Bonds Issued	-	-	-	-	952,000	952,000
Premium on Debt Issuance	-	-	-	-	33,638	33,638
Payment to Refunded Bond Escrow Account	-	-	-	-	(924,217)	(924,217)
Transfers In	161,288	-	-	-	26,041,244	26,202,532
Transfers Out	(19,594,570)	(1,400,000)	-	-	(5,107,962)	(26,102,532)
Total Other Financing Sources (Uses)	(19,389,942)	(1,400,000)	-	-	31,368,669	10,578,727
Net Change in Fund Balances	1,619,268	2,324,642	897,809	-	19,920,923	24,762,642
Fund Balances - Beginning of Year	54,251,362	41,090,928	5,035,198	-	135,724,469	236,101,957
Fund Balances - End of Year	\$ 55,870,630	\$ 43,415,570	\$ 5,933,007	\$ -	\$ 155,645,392	\$ 260,864,599

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, 2021*

Net Change in Fund Balances-Total Governmental Funds \$ 24,762,642

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	\$	6,186,157	
Depreciation		(10,047,832)	
Total			(3,861,675)

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		(436,449)	
Special assessments		(1,069,109)	
Intergovernmental		2,230,216	
Total			724,658

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 and capital leases. (11,290,193)

Repayment of bond principal, notes, OPWC loan, and capital leases are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 19,153,594

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

Pension		10,305,145	
OPEB		75,618	
Total			10,380,763

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		463,214	
OPEB		54,464,178	
Total			54,927,392

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		699,498	
Accrued interest on bonds		294,313	
Amortization of bond premiums		111,080	
Amortization of loss on refunding		(23,597)	
Total			1,081,294

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.

(1,515,032)

Change in Net Position of Governmental Activities

\$ 94,363,443

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, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 5,200,000	\$ 5,700,000	\$ 5,710,027	\$ 10,027
Sales Tax	33,200,000	44,900,000	44,933,008	33,008
Conveyances and Other Local Taxes	3,001,000	5,602,500	5,668,384	65,884
Fees and Charges for Services	5,195,577	6,509,877	6,643,548	133,671
License and Permits	997,000	1,493,000	1,500,963	7,963
Fines and Forfeitures	144,000	136,500	162,219	25,719
Intergovernmental	5,409,974	7,427,082	7,483,435	56,353
Interest	2,600,000	1,510,000	1,526,400	16,400
All Other Revenues	2,291,039	2,910,600	3,122,031	211,431
Total Revenues	<u>58,038,590</u>	<u>76,189,559</u>	<u>76,750,015</u>	<u>560,456</u>
Expenditures:				
Current:				
General Government	16,036,397	17,116,327	15,633,405	1,482,922
Judicial and Public Safety	38,415,135	41,364,955	38,285,130	3,079,825
Public Works	208,160	217,560	209,650	7,910
Human Services	1,527,864	1,581,864	977,628	604,236
Health	34,059	34,059	25,767	8,292
Total Expenditures	<u>56,221,615</u>	<u>60,314,765</u>	<u>55,131,580</u>	<u>5,183,185</u>
Excess of Revenues Over (Under) Expenditures	1,816,975	15,874,794	21,618,435	5,743,641
Other Financing Sources (Uses)				
Sale of Capital Assets	-	45,000	43,340	(1,660)
Advances In	-	185,000	185,000	-
Advances Out	-	(185,000)	(185,000)	-
Transfers In	-	444,630	2,233,406	1,788,776
Transfers Out	(2,331,100)	(19,626,810)	(19,594,570)	32,240
Total Other Financing Sources (Uses)	<u>(2,331,100)</u>	<u>(19,137,180)</u>	<u>(17,317,824)</u>	<u>1,819,356</u>
Net Change in Fund Balance	(514,125)	(3,262,386)	4,300,611	7,562,997
Fund Balance - Beginning of Year	32,940,341	32,940,341	32,940,341	-
Prior Year Encumbrances Appropriated	1,037,259	1,037,259	1,037,259	-
Fund Balance - End of Year	<u>\$ 33,463,475</u>	<u>\$ 30,715,214</u>	<u>\$ 38,278,211</u>	<u>\$ 7,562,997</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
 Developmental Disabilities Board Fund
 For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 24,861,150	\$ 24,890,000	\$ 24,902,285	\$ 12,285
Intergovernmental	14,289,046	16,502,815	16,588,094	85,279
Contributions and Donations	-	3,600	9,118	5,518
All Other Revenues	1,081,200	1,168,270	1,509,393	341,123
Total Revenues	<u>40,231,396</u>	<u>42,564,685</u>	<u>43,008,890</u>	<u>444,205</u>
Expenditures:				
Current:				
Human Services	41,287,303	41,287,303	38,563,254	2,724,049
Total Expenditures	<u>41,287,303</u>	<u>41,287,303</u>	<u>38,563,254</u>	<u>2,724,049</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,055,907)</u>	<u>1,277,382</u>	<u>4,445,636</u>	<u>3,168,254</u>
Other Financing Sources (Uses)				
Transfers In	-	150,000	150,000	-
Transfers Out	(1,550,000)	(1,550,000)	(1,550,000)	-
Total Other Financing Sources (Uses)	<u>(1,550,000)</u>	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
Net Change in Fund Balance	(2,605,907)	(122,618)	3,045,636	3,168,254
Fund Balance - Beginning of Year	40,978,171	40,978,171	40,978,171	-
Fund Balance - End of Year	<u>\$ 38,372,264</u>	<u>\$ 40,855,553</u>	<u>\$ 44,023,807</u>	<u>\$ 3,168,254</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 8,375,000	\$ 8,465,000	\$ 8,464,303	\$ (697)
Intergovernmental	6,467,802	6,467,802	5,847,798	(620,004)
All Other Revenues	550,000	550,000	1,596,015	1,046,015
Total Revenues	<u>15,392,802</u>	<u>15,482,802</u>	<u>15,908,116</u>	<u>425,314</u>
Expenditures:				
Current:				
Health	11,199,368	12,231,518	10,900,847	1,330,671
Capital Outlay	4,602,802	4,682,902	3,852,007	830,895
Total Expenditures	<u>15,802,170</u>	<u>16,914,420</u>	<u>14,752,854</u>	<u>2,161,566</u>
Net Change in Fund Balance	(409,368)	(1,431,618)	1,155,262	2,586,880
Fund Balance - Beginning of Year	4,194,154	4,194,154	4,194,154	-
Prior Year Encumbrances Appropriated	224,850	224,850	224,850	-
Fund Balance - End of Year	<u>\$ 4,009,636</u>	<u>\$ 2,987,386</u>	<u>\$ 5,574,266</u>	<u>\$ 2,586,880</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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 22,351,873	\$ 22,351,873	\$ 22,351,873	\$ -
Total Revenues	<u>22,351,873</u>	<u>22,351,873</u>	<u>22,351,873</u>	<u>-</u>
Expenditures:				
Current:				
General Government	355,000	355,000	115,001	239,999
Total Expenditures	<u>355,000</u>	<u>355,000</u>	<u>115,001</u>	<u>239,999</u>
Net Change in Fund Balance	21,996,873	21,996,873	22,236,872	239,999
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ 21,996,873</u>	<u>\$ 21,996,873</u>	<u>\$ 22,236,872</u>	<u>\$ 239,999</u>

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fund Net Position
Proprietary Funds
December 31, 2021

	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	\$ 15,282,542	\$ 20,909,875	\$ 22,403,964	\$ 58,596,381	\$ 18,795,220
Materials and Supplies Inventory	1,306,458	510,790	2,687	1,819,935	41,004
Net Receivables:					
Accounts Receivable	2,640,463	2,508,871	984,985	6,134,319	16,736
Unbilled Accounts Receivable	1,962,390	2,710,209	-	4,672,599	-
Due from Other Funds	-	-	-	-	30,321
Due from Other Governments	-	-	-	-	119,581
Prepaid Items	20,921	29,892	3,843	54,656	122
Total Current Assets	<u>21,212,774</u>	<u>26,669,637</u>	<u>23,395,479</u>	<u>71,277,890</u>	<u>19,002,984</u>
Noncurrent Assets:					
Capital Assets:					
Land	1,303,593	1,500,174	1,798,825	4,602,592	-
Construction in Progress	9,195,542	18,282,088	4,110,532	31,588,162	-
Depreciable Assets, Net of Depreciation	87,547,021	118,594,186	7,240,833	213,382,040	3,004
Net Pension Asset	131,393	136,512	8,532	276,437	8,532
Net OPEB Asset	807,898	839,375	52,461	1,699,734	52,461
Total Noncurrent Assets	<u>98,985,447</u>	<u>139,352,335</u>	<u>13,211,183</u>	<u>251,548,965</u>	<u>63,997</u>
Total Assets	<u>120,198,221</u>	<u>166,021,972</u>	<u>36,606,662</u>	<u>322,826,855</u>	<u>19,066,981</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	974,245	1,012,202	63,260	2,049,707	63,260
OPEB	413,146	429,242	26,827	869,215	26,827
Total Deferred Outflows of Resources	<u>1,387,391</u>	<u>1,441,444</u>	<u>90,087</u>	<u>2,918,922</u>	<u>90,087</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	665,055	779,271	317,156	1,761,482	54,813
Accrued Wages and Benefits	189,191	217,642	20,591	427,424	5,959
Customer Deposits Payable	212,905	220,716	-	433,621	-
Retainage Payable	85,193	131,623	121,178	337,994	-
Due to Other Governments	153,242	103,955	103,301	360,498	4,134
Due to Other Funds	6,865	2,372	-	9,237	292
Employee Withholdings and Benefits Payable	98,057	105,166	9,090	212,313	-
Accrued Interest Payable	19,278	30,156	-	49,434	-
Unearned Revenue	1,017,277	1,296,799	-	2,314,076	-
Compensated Absences Payable	84,806	102,022	13,895	200,723	3,742
Claims Payable	-	-	-	-	209,441
General Obligation Bonds Payable	-	177,698	-	177,698	-
Notes Payable	2,000,665	7,348,335	-	9,349,000	-
OWDA Loans Payable	33,648	514,291	-	547,939	-
Other Long Term Debt Payable	34,429	72,748	-	107,177	-
Total Current Liabilities	<u>4,600,611</u>	<u>11,102,794</u>	<u>585,211</u>	<u>16,288,616</u>	<u>278,381</u>
Noncurrent Liabilities:					
Compensated Absences Payable	887,004	705,801	118,463	1,711,268	31,906
General Obligation Bonds Payable	-	1,465,594	-	1,465,594	-
OWDA Loans Payable	428,404	10,857,688	-	11,286,092	-
Other Long Term Debt Payable	504,606	648,709	-	1,153,315	-
Landfill Closure and Post-Closure Costs	-	-	11,035,995	11,035,995	-
Net Pension Liability	6,829,801	7,095,897	443,494	14,369,192	443,494
Total Noncurrent Liabilities	<u>8,649,815</u>	<u>20,773,689</u>	<u>11,597,952</u>	<u>41,021,456</u>	<u>475,400</u>
Total Liabilities	<u>13,250,426</u>	<u>31,876,483</u>	<u>12,183,163</u>	<u>57,310,072</u>	<u>753,781</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	3,036,025	3,154,310	197,144	6,387,479	197,145
OPEB	2,496,194	2,593,450	162,091	5,251,735	162,091
Total Deferred Inflows of Resources	<u>5,532,219</u>	<u>5,747,760</u>	<u>359,235</u>	<u>11,639,214</u>	<u>359,236</u>
NET POSITION					
Net Investment in Capital Assets	94,849,965	116,861,731	13,072,182	224,783,878	3,004
Unrestricted	7,953,002	12,977,442	11,082,169	32,012,613	18,041,047
Total Net Position	<u>\$ 102,802,967</u>	<u>\$ 129,839,173</u>	<u>\$ 24,154,351</u>	<u>\$ 256,796,491</u>	<u>\$ 18,044,051</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
*Statement of Revenues, Expenditures, and Changes in Fund Balance-
Proprietary Funds*
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise			Governmental	
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
OPERATING REVENUES					
Water Sales	\$ 28,979,322	\$ -	\$ -	\$ 28,979,322	\$ -
Sewer Charges	-	18,485,431	-	18,485,431	-
Fees, Permits and Tap-Ins	42,500	79,226	-	121,726	-
Charges for Services	461,063	1,422,953	7,565,790	9,449,806	20,802,344
Other Operating Revenues	147,990	4,099	17,745	169,834	20,350
Total Operating Revenues	<u>29,630,875</u>	<u>19,991,709</u>	<u>7,583,535</u>	<u>57,206,119</u>	<u>20,822,694</u>
OPERATING EXPENSES					
Personal Services	2,365,927	2,821,579	367,830	5,555,336	(78,142)
Materials and Supplies	2,036,874	1,212,182	83,067	3,332,123	601,562
Contractual Services	12,780,173	1,442,584	3,639,105	17,861,862	206,640
Depreciation	3,531,810	5,867,654	1,078,020	10,477,484	3,007
Insurance Claims	-	-	-	-	19,880,989
Other	2,284,529	1,839,713	1,676,877	5,801,119	1,422,490
Total Operating Expenses	<u>22,999,313</u>	<u>13,183,712</u>	<u>6,844,899</u>	<u>43,027,924</u>	<u>22,036,546</u>
Operating Income (Loss)	<u>6,631,562</u>	<u>6,807,997</u>	<u>738,636</u>	<u>14,178,195</u>	<u>(1,213,852)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain on Sale of Capital Assets	24,946	47,467	-	72,413	-
Interest and Fiscal Charges	(13,089)	(427,487)	-	(440,576)	-
Total Nonoperating Revenues (Expenses)	<u>11,857</u>	<u>(380,020)</u>	<u>-</u>	<u>(368,163)</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	6,643,419	6,427,977	738,636	13,810,032	(1,213,852)
Grants and Contributed Capital	1,189,905	2,332,429	-	3,522,334	-
Transfers Out	(50,000)	(50,000)	-	(100,000)	-
Change in Net Position	<u>7,783,324</u>	<u>8,710,406</u>	<u>738,636</u>	<u>17,232,366</u>	<u>(1,213,852)</u>
Net Position - Beginning of Year	95,019,643	121,128,767	23,415,715	239,564,125	19,257,903
Net Position - End of Year	<u>\$ 102,802,967</u>	<u>\$ 129,839,173</u>	<u>\$ 24,154,351</u>	<u>\$ 256,796,491</u>	<u>\$ 18,044,051</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise				Governmental
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 29,466,629	\$19,860,594	\$ 7,452,060	\$56,779,283	\$ 20,790,695
Other Operating Revenues	147,990	4,099	17,745	169,834	20,392
Cash Payments to Employees for Services	(7,322,036)	(7,848,655)	(679,578)	(15,850,269)	(228,876)
Cash Payments for Supplies	(1,922,536)	(1,236,933)	(80,190)	(3,239,659)	(584,603)
Cash Payments for Contractual Services	(12,728,830)	(1,122,763)	(3,197,603)	(17,049,196)	(143,505)
Cash Payments for Claims	-	-	-	-	(19,913,528)
Other Cash Payments	(2,044,997)	(1,865,672)	(1,598,907)	(5,509,576)	(1,440,528)
Net Cash Provided by (Used for) Operating Activities	<u>5,596,220</u>	<u>7,790,670</u>	<u>1,913,527</u>	<u>15,300,417</u>	<u>(1,499,953)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	5,131,341	8,595,207	3,387,715	17,114,263	-
Transfers Out	(5,181,341)	(8,645,207)	(3,387,715)	(17,214,263)	-
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	93,559	407,226	-	500,785	-
Proceeds of Notes	2,000,000	7,340,000	-	9,340,000	-
Premium on Note Issuances	15,960	25,648	-	41,608	-
Proceeds from Sale of Capital Assets	24,946	47,467	-	72,413	-
Principal Paid on Debt	(3,432,075)	(7,489,187)	-	(10,921,262)	-
Interest Paid on Debt	(86,009)	(510,100)	-	(596,109)	-
Payments for Capital Acquisitions	(3,738,321)	(2,765,579)	(3,083,386)	(9,587,286)	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(5,121,940)</u>	<u>(2,944,525)</u>	<u>(3,083,386)</u>	<u>(11,149,851)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	424,280	4,796,145	(1,169,859)	4,050,566	(1,499,953)
Cash and Cash Equivalents - Beginning of Year	14,858,262	16,113,730	23,573,823	54,545,815	20,295,173
Cash and Cash Equivalents - End of Year	<u>\$ 15,282,542</u>	<u>\$20,909,875</u>	<u>\$22,403,964</u>	<u>\$58,596,381</u>	<u>\$ 18,795,220</u>

(Continued)

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2021

	Business-Type Activities			Total	Governmental Activities
	Water	Waste Water	Solid Waste		Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 6,631,562	\$ 6,807,997	\$ 738,636	\$14,178,195	\$ (1,213,852)
Adjustments:					
Depreciation	3,531,810	5,867,654	1,078,020	10,477,484	3,007
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	31,887	(104,147)	(113,730)	(185,990)	(9,346)
Unbilled Accounts Receivable	(85,971)	(66,499)	-	(152,470)	-
Due from Other Governments	-	-	-	-	(7,840)
Materials and Supplies Inventory	(48,384)	(89,367)	(574)	(138,325)	19,312
Due from Other Funds	-	-	-	-	5,579
Prepaid Items	3,077	720	(358)	3,439	(10)
Net Pension Asset	(36,664)	(38,092)	(2,381)	(77,137)	(2,381)
Net OPEB Asset	(807,898)	(839,375)	(52,461)	(1,699,734)	(52,461)
Deferred Outflows of Resources - Pension and OPEB	892,858	927,646	57,981	1,878,485	57,981
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	346,229	389,649	191,553	927,431	4,960
Accrued Wages	7,413	16,092	1,630	25,135	(2,710)
Due to Other Funds	4,389	1,943	-	6,332	115
Due to Other Governments	72,468	(68,744)	95,815	99,539	366
Customer Deposits	37,828	43,630	-	81,458	-
Payroll Withholdings Payable	(10,817)	(7,337)	(1,797)	(19,951)	-
Compensated Absences Payable	(51,120)	24,538	2,872	(23,710)	14,443
Retainage Payable	32,828	72,699	109,229	214,756	-
Landfill Closure and Post-Closure Costs	-	-	130,862	130,862	-
Claims Payable	-	-	-	-	4,653
Net Pension Liability	(1,713,067)	(1,779,810)	(111,238)	(3,604,115)	(111,238)
Net OPEB Liability	(5,891,029)	(6,120,550)	(382,534)	(12,394,113)	(382,534)
Deferred Inflows of Resources - Pension and OPEB	2,648,821	2,752,023	172,002	5,572,846	172,003
Net Cash Provided by (Used for) Operating Activities	\$ 5,596,220	\$ 7,790,670	\$ 1,913,527	\$15,300,417	\$ (1,499,953)
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
In 2021, the County received infrastructure donations from developers	\$ 1,096,346	\$ 1,925,203	\$ -	\$ 3,021,549	\$ -
The net impact of accruals related to capital assets	\$ (189,749)	\$ (129,385)	\$ (68,719)	\$ (387,853)	\$ -

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021

	Custodial
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 24,362,297
Cash and Cash Equivalents in Segregated Accounts	3,189,212
Receivables:	
Due from Other Governments	2,074,106
Property Taxes	364,786,096
Special Assessments	11,961,711
Total Assets	406,373,422
LIABILITIES	
Due to Other Governments	21,285,200
Total Liabilities	21,285,200
DEFERRED INFLOWS OF RESOURCES	
Special Assessments	7,194,490
Property Taxes	362,310,609
Total Deferred Inflows of Resources	369,505,099
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	15,583,123
Total Net Position	\$ 15,583,123

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, 2021

	Custodial
ADDITIONS	
Intergovernmental	24,763,591
Amounts Received as Fiscal Agent	11,148,499
Special Assessment Collections for Other Governments	8,669,013
Property Tax Collections for Other Governments	442,717,735
Licenses, Permits, & Fees Distributions for Other Governments	1,657,197
Fines and Forfeitures for Other Governments	12,743,481
Amounts Collected for Individuals	26,684
Total Additions	501,726,200
DEDUCTIONS	
Distributions to the State of Ohio	14,305,250
Distributions of State Funds to Other Governments	15,841,151
Property Tax Collections to Other Governments	443,104,294
Special Assessment Collections to Other Governments	7,984,641
Distributions as Fiscal Agent	18,522,770
Distributions to Individuals	26,684
Total Deductions	499,784,790
Net Increase in Fiduciary Net Position	1,941,410
Net Position - Beginning of Year	13,641,713
Net Position - End of Year	\$ 15,583,123

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, 2021

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 County Port & Economic 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, 2021

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 COUNTY OHIO PORT & ECONOMIC DEVELOPMENT AUTHORITY (the Port Authority)

The Lake County Ohio Port 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 Port Authority. The Port 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 Port Authority upon adoption of a resolution. As a result, the Port Authority is reflected as a component unit of Lake County. Separately issued financial statements can be obtained from the Lake County Ohio Port 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, 2021

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, 2021

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.

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 2021, NEON received sufficient revenues from State grant monies and no additional funds were needed from Lake County.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021, the County did not contribute to NOACA.

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, 2021

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 Port 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, 2021

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, 2021

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, 2021

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 Port 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, 2021

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 position 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 position 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, 2021, but which were levied to finance 2022 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, 2021

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 Port 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 2021.

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, 2021

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 2021.

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, 2021

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 Port 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 2021 totaled \$1,099,304, which includes \$968,377 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, 2021

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 2021, 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, 2021 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, 2021

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 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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2020 is \$9,042,400.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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 Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. These changes were incorporated in the County's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Implementation Guide 2019-1, *Update*. These changes were incorporated in the County's financial statements; however, there was no effect on the beginning net position/fund balance.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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) 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.
- (d) *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	\$1,619,268	\$2,324,642	\$897,809	\$0
Net Adjustment for Revenue Accruals	7,628,658	552,240	(14,066)	22,237,662
Advances In	185,000	-	-	0
Advances Out	(185,000)	-	-	0
Beginning Fair Value Adjustment	(2,472,198)	-	-	0
Ending Fair Value Adjustment	56,142	-	-	0
Beginning Custodial Fund Adjustment	(12,486,822)	-	-	0
Ending Custodial Fund Adjustment	9,717,218	-	-	0
Net Adjustment for Expenditure Accruals	183,404	168,754	286,041	11,625
Adjustment for Funds Budgeted as Special Revenue	918,022	-	-	0
Adjustment for Encumbrances	(863,081)	-	(14,522)	(12,415)
Budget Basis	<u>\$4,300,611</u>	<u>\$3,045,636</u>	<u>\$1,155,262</u>	<u>\$22,236,872</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2021, the carrying amount of the County's deposits was \$171,945,779. Based on the criteria described in GASB 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, \$176,264,130 of the County's bank balance of \$177,014,130 was exposed to custodial risk as discussed below, while \$750,000 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, 2021

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 2021, 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, 2021, the County had \$60,291,156 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, 2021, 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	
Federal Farm Credit Bank Bonds	\$ 3,572,640	\$ -	45,349,584	\$ 48,922,224
Federal Home Loan Bank	-	-	16,997,227	16,997,227
Federal Home Loan Mortgage Corporation	-	-	8,479,646	8,479,646
Corporate Note	-	-	20,402,356	20,402,356
Federal National Mortgage Association	-	-	19,616,977	19,616,977
FAMCA	-	-	3,404,135	3,404,135
Federal Farm	3,158,400	-	-	3,158,400
FMCC	-	-	1,753,560	1,753,560
Commercial Paper	16,294,323	4,297,600	-	20,591,923
Municipal & Ohio Entities	1,691,926	2,282,587	3,415,144	7,389,657
STAROhio	60,291,156	-	-	60,291,156
Total Portfolio	\$ 85,008,445	\$ 6,580,187	\$ 119,418,629	\$ 211,007,261

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Federal Farm Credit Bank Bonds	\$ 48,922,224	23.2%
Federal Home Loan Bank Notes	16,997,227	8.1%
Federal Home Loan Mortgage Corporation	8,479,646	3.9%
Corporate Note	20,402,356	9.7%
Federal National Mortgage Association	19,616,977	9.3%
FAMCA	3,404,135	1.6%
Federal Farm	3,158,400	1.5%
FMCC	1,753,560	0.8%
Municipal - Ohio Entities	20,591,923	9.8%
Commercial Paper	7,389,657	3.5%
STAROhio	60,291,156	28.6%
Total Investments	<u>\$ 211,007,261</u>	<u>100.0%</u>

COMPONENT UNITS

At December 31, 2021, the carrying amount of Deepwood Industries, Inc. Workshop's deposits was \$935,690. Based on the criteria described in GASB Statement No. 40 "Deposits and Investments Risk Disclosures", as of December 31, 2021, none of the Workshop's bank balance of \$240,947 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, 2021, the carrying amount of all Lake County Port & Economic Development Authority deposits was \$932,924 and the bank balance of all Authority deposits was \$975,868. \$295,564 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and \$680,304 was potentially exposed to custodial credit risk. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation. As of December 31, 2021, the Authority also had \$765,373 invested in STAR Ohio.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE F – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 01/01/2021	Additions	Deletions	Balance 12/31/2020
Governmental Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 3,150,279	\$ 123,796	\$ -	\$ 3,274,075
Construction in Progress	51,179,536	3,056,630	(10,079,799)	44,156,367
<i>Total Capital Assets Not Being Depreciated</i>	<u>54,329,815</u>	<u>3,180,426</u>	<u>(10,079,799)</u>	<u>47,430,442</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,676,253	-	-	1,676,253
Buildings & Other Structures	104,554,658	-	-	104,554,658
Furniture, Fixtures & Equipment	45,005,013	3,022,661	-	48,027,674
Infrastructure	140,564,181	10,062,869	-	150,627,050
<i>Total Capital Assets, Being Depreciated</i>	<u>291,800,105</u>	<u>13,085,530</u>	<u>-</u>	<u>304,885,635</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(796,809)	(21,271)	-	(818,080)
Buildings & Other Structures	(61,538,217)	(2,732,394)	-	(64,270,611)
Furniture, Fixtures & Equipment	(30,713,606)	(3,104,282)	-	(33,817,888)
Infrastructure	(70,515,054)	(4,189,885)	-	(74,704,939)
<i>Total Accumulated Depreciation</i>	<u>(163,563,686)</u>	<u>(10,047,832)</u> *	<u>-</u>	<u>(173,611,518)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>128,236,419</u>	<u>3,037,698</u>	<u>-</u>	<u>131,274,117</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 182,566,234</u>	<u>\$ 6,218,124</u>	<u>\$ (10,079,799)</u>	<u>\$ 178,704,559</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$ 895,766
Judicial and Public Safety	3,356,385
Public Works	4,770,221
Human Services	925,734
Health	99,726
Total	<u>\$ 10,047,832</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE F – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 01/01/2021	Additions	Reductions	Balance 12/31/2021
Business-Type Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 4,602,592	\$ -	\$ -	\$ 4,602,592
Construction in Progress	28,005,094	9,638,892	(6,055,824)	31,588,162
<i>Total Capital Assets Not Being Depreciated</i>	<u>32,607,686</u>	<u>9,638,892</u>	<u>(6,055,824)</u>	<u>36,190,754</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	383,823	-	-	383,823
Utility Plant in Service	478,300,803	9,077,373	-	487,378,176
Furniture, Fixtures and Equipment	11,489,019	336,247	(209,449)	11,615,817
<i>Total Capital Assets, Being Depreciated</i>	<u>490,173,645</u>	<u>9,413,620</u>	<u>(209,449)</u>	<u>499,377,816</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(355,424)	(5,375)	-	(360,799)
Utility Plant in Service	(265,727,948)	(9,746,063)	-	(275,474,011)
Furniture, Fixtures and Equipment	(9,644,369)	(726,046)	209,449	(10,160,966)
<i>Total Accumulated Depreciation</i>	<u>(275,727,741)</u>	<u>(10,477,484)</u>	<u>209,449</u>	<u>(285,995,776)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>214,445,904</u>	<u>(1,063,864)</u>	<u>-</u>	<u>213,382,040</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 247,053,590</u>	<u>\$ 8,575,028</u>	<u>\$ (6,055,824)</u>	<u>\$ 249,572,794</u>

NOTE G – INTERFUND TRANSACTIONS

Due to/from other funds and interfund payables and receivables balances at December 31, 2020, 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, 2021

NOTE G – INTERFUND TRANSACTIONS (CONTINUED)

	Due From	Due To
Governmental Funds:		
General Fund	\$28,132	\$15,963
Other Nonmajor Governmental Funds	165,094	198,055
<i>Total Governmental Funds</i>	193,226	214,018
Proprietary Funds:		
Water	-	6,865
Wastewater	-	2,372
Internal Service Funds	30,321	292
<i>Total Proprietary Funds</i>	30,321	9,529
Total	\$223,547	\$223,547

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:				
Girdled, Wood, Timberlane 206W, 220W, 227W	2000	2020	5.60%	1,145,000
Pinecrest Area, Beechersbrook Lane, Imperial Woods 216W, 231W, 221S	2000	2020	5.60%	1,280,000

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE H – LONG-TERM DEBT (CONTINUED)

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE H – LONG-TERM DEBT (CONTINUED)

Changes in long-term obligations during the year ended December 31, 2021 consist of the following:

	Balance 12/31/20	Additions	Deductions	Balance 12/31/21	Due in One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds:</i>					
County Building Improvement & Refunding-2013	\$ 5,375,000	\$ -	\$ (1,005,000)	\$ 4,370,000	\$ 1,035,000
Dog Shelter Renovation	980,000	-	(980,000)	-	-
Dog Shelter Renovation Refunding	-	952,000	-	952,000	80,000
<i>Total General Obligation Bonds- Unvoted</i>	<u>6,355,000</u>	<u>952,000</u>	<u>(1,985,000)</u>	<u>5,322,000</u>	<u>1,115,000</u>
<i>Special Assessment Bonds:</i>					
Pinecrest Area, Beechersbrook Lane, Imperial Woods	60,000	-	(60,000)	-	-
Concord Area, Lane, Shepard, Lockwood	409,900	-	(202,000)	207,900	207,900
Windpoint Reserve, McMackin, South Ridge, Shepard, Baldwin, Althea, Dormae Roads	445,000	-	(100,000)	345,000	110,000
Mount Royal, Spring Lake, Spring Lake Loop	225,000	-	(40,000)	185,000	45,000
Route 20 East of Lane, Perry Village, Ashview, Meadow Wood, Perry Park	945,000	-	(100,000)	845,000	105,000
Maple Street	305,000	-	(30,000)	275,000	30,000
Kirtland Sanitary Sewer	2,919,955	-	(91,147)	2,828,808	94,402
<i>Total Special Assessment Bonds:</i>	<u>5,309,855</u>	<u>-</u>	<u>(623,147)</u>	<u>4,686,708</u>	<u>592,302</u>
<i>Other Long-Term Obligations:</i>					
OPWC-Mill-Morr Drive, Ravenna Road	58,135	-	(14,534)	43,601	14,534
OPWC-River Road Safety Improvement	264,600	-	(29,400)	235,200	29,400
OPWC-Blasé Nemeth Widening	4,164	-	(555)	3,609	555
OPWC-Vrooman Road-State Route 86	43,758	-	(5,470)	38,288	5,470
OPWC-Auburn and Hardy Roads	9,518	-	(793)	8,725	793
OPWC-Hoose Road/Andrea Bridge Improvements	120,000	-	(15,000)	105,000	15,000
Unamortized Premium on Debt Issues	371,752	-	(111,080)	260,672	-
Notes Payable***	16,342,445	10,283,638	(16,367,674)	10,258,409	-
Capital Leases	165,332	54,555	(112,021)	107,866	107,866
Compensated Absences	10,883,931	412,706	(1,112,204)	10,184,433	1,080,602
<i>Total Other Long-Term Obligations</i>	<u>28,263,635</u>	<u>10,750,899</u>	<u>(17,768,731)</u>	<u>21,245,803</u>	<u>1,254,220</u>
<i>Total Before Net Pension & OPEB Liabilities</i>	<u>39,928,490</u>	<u>11,702,899</u>	<u>(20,376,878)</u>	<u>31,254,511</u>	<u>2,961,522</u>
<i>Net Pension Liability:</i>					
OPERS	99,998,146	-	(25,668,627)	74,329,519	-
STRS	1,196,514	-	(472,918)	723,596	-
<i>Total Net Pension Liability</i>	<u>101,194,660</u>	<u>-</u>	<u>(26,141,545)</u>	<u>75,053,115</u>	<u>-</u>
<i>Net OPEB Liability:</i>					
OPERS	68,674,511	-	(68,674,511)	-	-
<i>Total Governmental Long-Term Obligations</i>	<u>\$ 209,797,661</u>	<u>\$ 11,702,899</u>	<u>\$ (115,192,934)</u>	<u>\$ 106,307,626</u>	<u>\$ 2,961,522</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, 2021

NOTE H – LONG-TERM DEBT (CONTINUED)

<i>Business-Type Activities:</i>	Balance 12/31/20	Additions	Deductions	Balance 12/31/21	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	\$ 250,100	\$ -	\$ (123,000)	\$ 127,100	\$ 127,100
Kirtland Sanitary Sewer 284S	1,565,045	-	(48,853)	1,516,192	50,598
<i>Total G.O. Bonds Payable from Wastewater</i>	<u>1,815,145</u>	<u>-</u>	<u>(171,853)</u>	<u>1,643,292</u>	<u>177,698</u>
<i>OWDA Loan Payable from Wastewater Revenues</i>					
Madison Township WWTP Expansion	11,872,463	-	(500,484)	11,371,979	514,291
<i>Total OWDA Loan Payable from Wastewater</i>	<u>11,872,463</u>	<u>-</u>	<u>(500,484)</u>	<u>11,371,979</u>	<u>514,291</u>
<i>OWDA Loans Payable from Water Revenues</i>					
Aquarius Water Treatment Plant	495,700	-	(33,648)	462,052	33,648
<i>Total OWDA Loans Payable</i>	<u>12,368,163</u>	<u>-</u>	<u>(534,132)</u>	<u>11,834,031</u>	<u>547,939</u>
<i>Other Long-Term Liabilities:</i>					
<i>Payable from Wastewater</i>					
City of Willoughby Hills	123,244	-	(29,436)	93,808	30,334
OPWC - Mentor Headlands San Sewer Replacement	64,208	-	(7,136)	57,072	7,136
OPWC - Dundee Glasgow & Kelso Sewer	5,882	-	(280)	5,602	280
OPWC - Bellflower Area Outlet Sewer Replace	31,250	-	(2,500)	28,750	2,500
OPWC - Glyco Forcemain Replacement	38,750	-	(2,500)	36,250	2,500
OPWC - Cedar Park Woodland Sewer Phase II	199,973	-	(12,498)	187,475	12,498
OPWC - Mentor Marsh Sanitary Interceptor Replace.	45,000	-	(2,500)	42,500	2,500
OPWC - Deerfield Relief Sewer	142,500	-	(7,500)	135,000	7,500
OPWC - Prouty & Glyco Rehab	142,500	-	(7,500)	135,000	7,500
<i>Total Other Long-Term Payable from Wastewater</i>	<u>793,307</u>	<u>-</u>	<u>(71,850)</u>	<u>721,457</u>	<u>72,748</u>
<i>Payable from Water</i>					
OPWC - Hubbard Road Waterline	29,728	-	(2,477)	27,251	2,477
OPWC - Lakeshore Boulevard Waterline	182,125	-	(11,750)	170,375	11,750
OPWC - Johnny Cake Ridge Road Waterline	81,164	-	(4,919)	76,245	4,919
OPWC - Nan Linn Road Waterline Project	100,703	-	(5,923)	94,780	5,923
OPWC - Strawberry Lane Waterline Replacement	33,494	-	(1,860)	31,634	1,860
OPWC - Erie Street Waterline & Pavement Replacement	146,250	-	(7,500)	138,750	7,500
<i>Total Other Long-Term Payable from Water</i>	<u>573,464</u>	<u>-</u>	<u>(34,429)</u>	<u>539,035</u>	<u>34,429</u>
<i>Total Other Long-Term Obligations</i>	<u>1,366,771</u>	<u>-</u>	<u>(106,279)</u>	<u>1,260,492</u>	<u>107,177</u>
<i>Total G.O. Bonds, OWDA and OPWC Loans</i>	<u>15,550,079</u>	<u>-</u>	<u>(812,264)</u>	<u>14,737,815</u>	<u>832,814</u>
Notes Payable***	10,141,532	9,381,608	(10,174,140)	9,349,000	9,349,000
Landfill Closure and Postclosure Costs	10,905,133	130,862	-	11,035,995	-
Compensated Absences	1,935,701	171,453	(195,163)	1,911,991	200,723
<i>Total Before Net Pension & OPEB Liabilities</i>	<u>38,532,445</u>	<u>9,683,923</u>	<u>(11,181,567)</u>	<u>37,034,801</u>	<u>10,382,537</u>
<i>Net Pension & OPEB Liabilities:</i>					
Net Pension Liability	17,973,307	-	(3,604,115)	14,369,192	-
Net OPEB Liability	12,394,113	-	(12,394,113)	-	-
<i>Total Net Pension & OPEB Liabilities</i>	<u>30,367,420</u>	<u>-</u>	<u>(15,998,228)</u>	<u>14,369,192</u>	<u>-</u>
<i>Total Business-Type Long-Term Obligations</i>	<u>\$ 68,899,865</u>	<u>\$ 9,683,923</u>	<u>\$ (27,179,795)</u>	<u>\$ 51,403,993</u>	<u>\$ 10,382,537</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE H – LONG-TERM DEBT (CONTINUED)

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

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2021 are as follows:

Governmental Activities

Year	General Obligation Bonds		Special Assessment Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,115,000	\$ 168,067	\$ 592,302	\$ 193,643	\$ 65,752	\$ -
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	-
2027-2031	445,000	29,502	980,710	405,303	133,937	-
2032-2036	93,000	1,516	706,388	262,884	794	-
2037-2041	-	-	836,598	130,381	-	-
2042-2045	-	-	185,549	6,958	-	-
Total	<u>\$ 5,322,000</u>	<u>\$ 483,945</u>	<u>\$ 4,686,708</u>	<u>\$ 1,553,414</u>	<u>\$ 434,423</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
2021	\$ 177,698	\$ 59,340	\$ 547,939	\$ 308,093	\$ 107,177	\$ 2,614
2022	52,343	51,658	562,127	293,905	108,104	1,688
2023	54,087	49,891	576,706	279,326	109,059	734
2024	55,832	48,066	591,688	264,344	76,844	-
2025	57,577	46,181	607,083	248,949	76,844	-
2026-2030	319,290	199,635	3,281,624	998,537	369,951	-
2031-2035	378,612	140,901	3,692,774	544,723	322,764	-
2036-2040	448,402	69,882	1,974,090	81,871	89,749	-
2041-2045	99,451	3,729	-	-	-	-
Total	<u>\$ 1,643,292</u>	<u>\$ 669,283</u>	<u>\$ 11,834,031</u>	<u>\$ 3,019,748</u>	<u>\$ 1,260,492</u>	<u>\$ 5,036</u>

At December 31, 2021, the County had entered into various operating leases, with terms ranging in length from one to twenty-two years, for office space and equipment. The total future rental payment for these leases is \$4,949,288. Of this amount, \$4,935,151 represents future rental payments for the occupation of buildings. Operating lease payments are recorded in the period they are paid. These operating leases all have required monthly payments and some have renewal options available.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE H – LONG-TERM DEBT (CONTINUED)

The following is a schedule of the future operating lease payments:

Year	Amount
2022	\$657,359
2023	622,982
2024	570,004
2025	495,163
2026	495,163
2027 - 2031	1,851,948
2032 - 2033	256,669
Total	\$4,949,288

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, 2021, \$4,370,000 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, 2021, \$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, 2021

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 2021, 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 \$93,808 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 thirteen are for business-type activities, eight for wastewater system improvements and six 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 and interest remaining to be paid on the wastewater debt is \$15,118,225. Principal and interest paid for the year for the wastewater debt was \$897,746, total net revenues were \$12,675,651 and total revenues were \$19,991,709.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$1,260,492. Principal paid for the year for the water debt was \$106,279, total net revenues were \$10,163,372 and total revenues were \$29,630,875.

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, 2020, the County had an unvoted debt margin of \$64.2 million and a direct debt margin of \$115.2 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, 2021, there were three series of Hospital Revenue Bonds and one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$111,860,000.

NOTE I – NOTES PAYABLE

A summary of the short-term governmental note transactions for the year ended December 31, 2021 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2021	PRINCIPAL ISSUED IN 2021	PRINCIPAL RETIRED IN 2021	BALANCE DEC. 31, 2021
<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

In 2021, the County issued \$11,250,000 in notes, \$10,250,000 of the notes are being reported as long-term obligation as they are being refinanced after the balance sheet date but prior to the issuance of the financial statements and the remaining \$1,000,000 is being reported as short-term notes payable.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE I – NOTES PAYABLE (CONTINUED)

A summary of the long-term governmental note transactions for the year ended December 31, 2021 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2021	PRINCIPAL ISSUED IN 2021	PRINCIPAL RETIRED IN 2021	BALANCE DEC. 31, 2021
<i>Governmental Activities:</i>							
2020	Administrative Building	2021	4.00%	4,325,000	-	\$ (4,325,000)	\$ -
2020	Additional Motor Vehicle	2021	4.0%	12,000,000	-	(12,000,000)	-
2021	Road Improvements	2022	0.50%	-	10,250,000	-	10,250,000
2020/2021	Premium on Note Issuances	n/a	n/a	17,445	33,638	(42,674)	8,409
Total Notes Payable from Governmental-type Activities				\$ 16,342,445	\$ 10,283,638	\$ (16,367,674)	\$ 10,258,409

The notes payable from governmental funds were used to 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, 2021 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2021	PRINCIPAL ISSUED IN 2021	PRINCIPAL RETIRED IN 2021	BALANCE DEC. 31, 2021
<i>Business-Type Activities:</i>							
<u>NOTES PAYABLE FROM ENTERPRISE FUNDS:</u>							
<u>Payable From Water Fund:</u>							
2020	Water District Improvement - 354W	2021	2.50%	\$ 194,933	\$ -	\$ (194,933)	\$ -
2020	Water District Improvement - 360W	2021	2.50%	237,483	-	(237,483)	-
2020	Water District Improvement - 374W	2021	2.50%	131,583	-	(131,583)	-
2020	Water District Improvement - 383W	2021	2.00%	2,800,000	-	(2,800,000)	-
2021	Water District Improvement - 383W	2022	1.00%	-	2,000,000	-	2,000,000
2020/2021	Premium on Note Issuance	n/a	n/a	11,629	15,960	(26,924)	665
Total Notes Payable From Water Fund				3,375,628	2,015,960	(3,390,923)	2,000,665
<u>Payable From Wastewater Fund:</u>							
2020	Sewer District Improvement - 336S	2021	2.50%	2,625,000	-	(2,625,000)	-
2020	Sewer District Improvement - 382S	2021	2.00%	2,800,000	-	(2,800,000)	-
2020	Sewer District Improvement - 408S	2021	2.50%	1,320,000	-	(1,320,000)	-
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
2020/2021	Premium on Note Issuance	2022	n/a	20,904	25,648	(38,217)	8,335
Total Notes Payable From Wastewater Fund				6,765,904	7,365,648	(6,783,217)	7,348,335
TOTAL NOTES PAYABLE FROM ENTERPRISE FUNDS				\$ 10,141,532	\$ 9,381,608	\$ (10,174,140)	\$ 9,349,000

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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):

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care. The date of implementation will be determined when finalized changes are approved.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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. 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
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 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, 2021

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 2021 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 2021. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County’s contractually required contributions was \$12,238,976 for fiscal year ending December 31, 2021.

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, 2020, 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	0.59685000%	0.58997900%	
Proportion of the Net Pension Liability (Asset) Current Measurement Date	<u>0.59899900%</u>	<u>0.59113900%</u>	
Change in Proportionate Share	<u>0.00214900%</u>	<u>0.00116000%</u>	
Proportionate Share of the Net Pension Liability (Asset)	\$88,698,711	(\$1,706,403)	\$86,992,308
Pension Expense	\$681,643	\$43,861	\$725,504

At December 31, 2021, 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, 2021

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			
Change of Assumptions	\$ -	\$ 106,562	\$ 106,562
Change in proportionate share and difference between County contributions and proportionate share of contributions	282,594	29,119	311,713
County contributions subsequent to the measurement date	<u>11,855,371</u>	<u>383,605</u>	<u>12,238,976</u>
Total Deferred Outflows of Resources	<u>\$ 12,137,965</u>	<u>\$ 519,286</u>	<u>\$ 12,657,251</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 3,710,342	\$ 321,934	\$ 4,032,276
Net difference between projected and actual earnings on pension plan investments	34,572,166	253,765	34,825,931
Change in proportionate share and difference between County contributions and proportionate share of contributions	<u>559,627</u>	<u>12,615</u>	<u>572,242</u>
Total Deferred Inflows of Resources	<u>\$ 38,842,135</u>	<u>\$ 588,314</u>	<u>\$ 39,430,449</u>

\$12,238,976 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (14,965,023)	\$ (118,548)	\$ (15,083,571)
2023	(4,786,596)	(73,966)	(4,860,562)
2024	(14,092,789)	(132,502)	(14,225,291)
2025	(4,715,133)	(60,367)	(4,775,500)
2026	-	(26,734)	(26,734)
Thereafter	<u>-</u>	<u>(40,516)</u>	<u>(40,516)</u>
Total	<u>\$ (38,559,541)</u>	<u>\$ (452,633)</u>	<u>\$ (39,012,174)</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, 2021

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, 2020, using the following actuarial assumptions applied to all periods included in the measurement, in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Health Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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 11.7 percent for 2020.

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 2020 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 (Arithmetic)</u>
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	<u>9.00</u>	4.75
Total	<u>100.00 %</u>	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

<u>County's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Traditional Pension Plan	\$ 169,193,258	\$ 88,698,711	\$ 21,767,624
Combined Plan	\$ (1,188,189)	\$ (1,706,403)	\$ (2,092,632)

Changes Between Measurement Date and Report Date

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

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. 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (Continued)

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.

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 2020, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$48,883 for the fiscal year ended June 30, 2021.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (Continued)

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, 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:

	STRS
Proportion of the Net Pension Liability Prior Measurement Date	0.00494500%
Proportion of the Net Pension Liability Current Measurement Date	0.00565932%
Change in Proportionate Share	0.00071432%
Proportionate Share of the Net Pension Liability	\$723,596
Pension Expense	\$137,293

At December 31, 2021, 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	\$ 22,356
Change of Assumptions	200,738
Change in proportionate share and difference between County contributions and proportionate share of contributions	702,453
County contributions subsequent to the measurement date	48,883
Total Deferred Outflows of Resources	\$ 974,430
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 4,535
Net difference between projected and actual earnings on pension plan investments	623,600
Change in proportionate share and difference between County contributions and proportionate share of contributions	47,009
Total Deferred Inflows of Resources	\$ 675,144

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (Continued)

\$48,883 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, 2022. 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:	
2022	\$98,321
2023	114,705
2024	130,675
2025	(93,298)
Total	\$250,403

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
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 for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	<u>7.45 %</u>

*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, 2021. 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, 2021. 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, 2021.

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:

<u></u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's Proportionate Share of the Net Pension Liability	\$1,355,023	\$723,596	\$190,040

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

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.

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, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 the earnable salary of active members. In 2021, 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, 2021

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. As recommended by OPERS’ actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the 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 \$90,236 for 2021.

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, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F’s total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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	0.586918%
Proportion of the Net OPEB Liability/Asset	
Current Measurement Date	0.588926%
Change in Proportionate Share	0.002008%
Proportionate Share of the Net OPEB	
Liability/(Asset)	\$ (10,492,187)
OPEB Expense	\$ (64,106,687)

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

At December 31, 2021, 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 of assumptions	\$ 5,158,079
Changes in proportion and differences between County contributions and proportionate share of contributions	121,476
County contributions subsequent to the measurement date	90,236
Total Deferred Outflows of Resources	\$ 5,369,791
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 9,469,137
Changes of assumptions	17,000,488
Net difference between projected and actual earnings on OPEB plan investments	5,588,287
Changes in proportion and differences between County contributions and proportionate share of contributions	362,563
Total Deferred Inflows of Resources	\$ 32,420,475

\$90,236 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 in 2022. 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:	
2022	\$ (14,330,992)
2023	(9,723,015)
2024	(2,428,442)
2025	(658,471)
Total	\$ (27,140,920)

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2019, rolled forward to the measurement date of December 31, 2020. 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	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The most recent experience study was completed for the five-year period ended December 21, 2015.

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 2020, 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 is 10.50 percent for 2020.

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 2020 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 (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	4.43 %

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 percent and a municipal bond rate of 2.75 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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

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	\$ (2,608,942)	\$ (10,492,187)	\$ (16,972,847)

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 2021 is 8.50 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, 2021

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	\$ (10,747,900)	\$ (10,492,187)	\$ (10,206,088)

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, 2021, 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, 2021

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, 2021, 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	0.00494500%
Proportion of the Net OPEB Asset Current Measurement Date	0.00565932%
Change in Proportionate Share	0.00071432%
Proportionate Share of the Net OPEB Asset	(\$119,322)
OPEB Expense	(\$9,938)

At December 31, 2021, 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	\$4,251
Change of Assumptions	7,624
Change in Proportionate Share	5,984
Total Deferred Outflows of Resources	\$17,859
Deferred Inflows of Resources	
Differences between expected and actual experience	\$21,862
Net difference between projected and actual earnings on pension plan investments	33,074
Change of Assumptions	71,186
Change in Proportionate Share	6,843
Total Deferred Inflows of Resources	\$132,965

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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
2022	(\$34,193)
2023	(33,370)
2024	(30,899)
2025	(13,301)
2026	(3,515)
Thereafter	172
Total	(\$115,106)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

Projected Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
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	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	29.98 percent initial, 4 percent ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. 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, 2021. 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, 2021. 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, 2021.

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, 2021, 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, 2021 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, 2021

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	(\$100,690)	(\$119,322)	(\$134,887)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$134,256)	(\$119,322)	(\$100,855)

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 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021 on the assessed value as of January 1, 2021 lien date. Assessed values are established by State law at 35% of appraised market value. 2021 real property taxes are collected in and intended to finance 2021 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. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021 and are collected in 2021 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2021, was \$9.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Real Property	\$6,038,264,520
Public Utility Personal Property	379,723,770
Total Assessed Value	\$6,417,988,290

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, 2021

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, 2021 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 2021 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 2021 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, 2021, 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 \$10,693,036, consisting of \$5,451,589 in the special assessment bond retirement fund and \$5,241,447 in Engineers’ storm-water management fund. The amount of delinquent special assessments outstanding at year-end is \$166,207.

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

<i>Governmental Activities</i>	<u>Amount</u>
Grants, Incentives and Reimbursements	\$13,328,762
Other Intergovernmental Receipts, Including;	986,840
Motor Vehicle License Tax and Gas Tax	
Casino Revenue	
Public Defender Reimbursements	
Local Government Fund	
Charges for Services	956,805
Fines and Forfeitures	13,389
Internal Service	<u>119,581</u>
<i>Total</i>	<u><u>\$15,405,377</u></u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE N – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2021, consisted of the following:

Transfers From	Transfers To			
	General	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects
General	\$ -	\$ 5,506,470	\$ 1,188,100	\$ 12,900,000
Developmental Disabilities Board	-	-	-	1,400,000
Nonmajor Special Revenue	161,288	4,737,674	109,000	100,000
Water	-	50,000	-	-
Sewer	-	50,000	-	-
<i>Transfer Totals</i>	<u>\$ 161,288</u>	<u>\$ 10,344,144</u>	<u>\$ 1,297,100</u>	<u>\$ 14,400,000</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, 2021, encumbrances outstanding in governmental funds and proprietary funds which were re-appropriated in the 2021 budget were:

General Fund	\$1,020,237
ADAMHS Board	14,522
Non-Major Special Revenue Funds	7,071,568
Non-Major Capital Projects Funds	1,480,271
Enterprise Funds	2,349,261
Non-Major Internal Service Funds	40,153
<i>Total</i>	<u>\$11,976,012</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE O – ENCUMBRANCES (CONTINUED)

On the GAAP basis, a portion of these encumbrances represented accrued liabilities of the County. At December 31, 2021 encumbrances less these accrued liabilities were:

General Fund	\$863,081
ADAMHS Board	14,275
Non-Major Special Revenue Funds	6,157,445
Non-Major Capital Projects Funds	1,444,470
Enterprise Funds	1,609,523
Non-Major Internal Service Funds	34,605
<i>Total</i>	<u><u>\$10,123,399</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 2021 by approximately \$131k.

The \$11.0 million reported as landfill closure and post closure care liability at December 31, 2021, 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, 2021

NOTE Q – LANDFILL CLOSURE AND POSTCLOSURE COSTS (Continued)

The County will recognize the remaining estimated cost of closure and post closure care of \$5.9 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 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE R – RELATED PARTY TRANSACTIONS

During 2021, 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 \$205,527 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 S – 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 2021 as compared to the previous year. Insurance premiums paid to private carriers during 2021 were approximately \$.7 million. 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.

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 \$155,992 and dental claims of \$53,449, have been accrued based upon a review of the January, 2020 billings provided by the County Commissioners' Office.

The total claims liability of \$209,441 reported in the internal service fund at December 31, 2021, 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE S – RISK MANAGEMENT (Continued)

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>				
2019	\$ 198,236	\$ 3,599,324	\$ 3,599,930	\$ 197,630
2020	197,630	3,067,923	3,115,233	150,320
2021	150,320	3,524,513	3,518,061	156,772
<u>Dental:</u>				
2019	\$ 50,418	\$ 622,036	\$ 617,661	\$ 54,793
2020	54,793	566,921	567,246	54,468
2021	54,468	1,489,350	1,490,369	53,449

NOTE T – 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.

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 2021 was \$717,041.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE U – DEFICIT FUND BALANCE

At December 31, 2021, the following fund had a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Domestic Relations Court Computer	\$19,386

The deficit in the Domestic Relations Court Computer Fund is 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 V – 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, 2021

NOTE V – 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, 2021, had the TIF agreements not been established and the improvements still constructed:

	Amount
Governmental Funds:	
General Fund	\$86,637
Developmental Disabilities Board	394,174
ADAMHS Board	131,106
Children's Services Board	86,816
Narcotics Agency Fund	22,111
Forensic Crime Laboratory Fund	56,180
Senior Citizens Levy Fund	65,631
<i>Total</i>	\$842,655

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, 2021, had the CRA's not been established and the improvements still constructed:

	Amount
Governmental Funds:	
General Fund	\$20,034
Developmental Disabilities Board	92,672
ADAMHS Board	30,645
Children's Services Board	20,530
Narcotics Agency Fund	5,160
Forensic Crime Laboratory Fund	13,231
Senior Citizens Levy Fund	15,331
<i>Total</i>	\$197,603

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE W – 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	\$ 345,998	\$ 30,723	\$ 4,569	\$ -	\$ 24,853	\$ 406,143
Materials and Supplies Inventory	-	-	-	-	831,756	831,756
Unclaimed Funds	790,942	-	-	-	-	790,942
Total Nonspendable	1,136,940	30,723	4,569	-	856,609	2,028,841
<i>Restricted for</i>						
Other Purposes	-	-	-	-	9,645,603	9,645,603
Debt Service	-	-	-	-	2,482,562	2,482,562
Capital Projects	-	-	-	-	68,601,204	68,601,204
Public Assistance/Human Services	-	43,384,847	-	-	6,657,181	50,042,028
Roads and Bridges	-	-	-	-	6,547,584	6,547,584
Health Programs	-	-	5,928,438	-	-	5,928,438
Judicial/Public Safety/Grant Programs	-	-	-	-	15,188,122	15,188,122
Economic Development	-	-	-	-	7,885,950	7,885,950
Children's Services	-	-	-	-	9,785,413	9,785,413
General Government Operations	-	-	-	-	2,473,169	2,473,169
Emergency Rental Assistance	-	-	-	-	5,455,187	5,455,187
Public Works	-	-	-	-	20,086,194	20,086,194
Total Restricted	-	43,384,847	5,928,438	-	149,352,982	204,121,454
<i>Committed to</i>						
Central Communications	4,737,640	-	-	-	-	4,737,640
Budget Stabilization	9,042,400	-	-	-	-	9,042,400
Employee Payroll	13,500,000	-	-	-	-	13,500,000
Total Committed	27,280,040	-	-	-	-	27,280,040
<i>Assigned to</i>						
Subsequent Year Appropriations	531,499	-	-	-	-	531,499
Encumbrances	863,081	-	-	-	-	863,081
Claimants	495,555	-	-	-	-	495,555
Total Assigned	1,890,135	-	-	-	-	1,890,135
<i>Unassigned (Deficit)</i>	25,563,515	-	-	-	(19,386)	25,544,129
Total Fund Balances	\$ 55,870,630	\$ 43,415,570	\$ 5,933,007	\$ -	\$ 150,190,205	\$ 260,864,599

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE X – 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 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 Y – SUBSEQUENT EVENTS

On June 9th, 2022, the County issued \$1,680,000 in bond anticipation notes for the capital projects. The notes mature on May 31, 2023.

On March 17th, 2022, the County issued \$10,250,000 in bond anticipation notes for the construction of roads. The new notes have an interest rate of 4.0 percent and mature on January 1, 2022.

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 Eight Years (1)

Traditional Plan	2021	2020	2019	2018
County's Proportion of the Net Pension Liability	0.598999%	0.596850%	0.608527%	0.610915%
County's Proportionate Share of the Net Pension Liability	\$ 88,698,711	\$ 117,971,453	\$ 166,663,235	\$ 95,840,719
County's Covered Payroll	\$ 84,354,750	\$ 83,981,950	\$ 82,183,929	\$ 80,671,885
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.15%	140.47%	202.79%	118.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
Combined Plan	2021	2020	2019	2018
County's Proportion of the Net Pension (Asset)	0.591139%	0.589979%	0.602908%	0.616286%
County's Proportionate Share of the Net Pension (Asset)	\$ (1,706,403)	\$ (1,230,248)	\$ (674,187)	\$ (838,965)
County's Covered Payroll	\$ 2,616,643	\$ 2,620,086	\$ 2,578,593	\$ 2,521,808
County's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	65.21%	46.95%	26.15%	33.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	157.67%	145.28%	126.64%	137.28%

(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

2017	2016	2015	2014
0.606784%	0.611008%	0.577721%	0.577721%
\$ 137,790,327	\$ 105,834,288	\$ 73,648,319	\$ 71,984,849
\$ 78,343,033	\$ 75,938,500	\$ 74,921,308	\$ 73,442,385
175.88%	139.37%	98.30%	98.02%
77.25%	81.08%	86.45%	86.36%
2017	2016	2015	2014
0.587638%	0.638860%	0.674356%	0.674356%
\$ (327,062)	\$ (310,883)	\$ (259,643)	\$ (70,761)
\$ 2,287,850	\$ 2,321,758	\$ 2,465,025	\$ 2,416,369
14.30%	13.39%	10.53%	2.93%
116.55%	116.90%	114.83%	104.56%

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 Nine Years (1)

	2021	2020	2019	2018
County's Proportion of the Net Pension Liability	0.00565932%	0.00494500%	0.00011258%	0.00075259%
County's Proportionate Share of the Net Pension Liability	\$ 723,596	\$ 1,196,514	\$ 24,896	\$ 165,478
County's Covered Payroll	\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.91%	875.93%	50.41%	145.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%

(1) Information prior to 2013 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
0.00077929%	0.00103522%	0.00227256%	0.00322436%	0.00322436%
\$ 185,122	\$ 346,519	\$ 628,069	\$ 784,276	\$ 934,224
\$ 144,321	\$ 132,600	\$ 290,057	\$ 354,785	\$ 372,308
128.27%	261.33%	216.53%	221.06%	250.93%
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 Nine Years (1)

	2021	2020	2019	2018
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 11,855,371	\$ 11,809,665	\$ 11,757,473	\$ 11,505,750
Combined Plan	383,605	366,330	366,812	361,003
Total Required Contributions	\$ 12,238,976	\$ 12,175,995	\$ 12,124,285	\$ 11,866,753
Contributions in Relation to the Contractually Required Contribution	(12,238,976)	(12,175,995)	(12,124,285)	(11,866,753)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -
<u>County's Covered Payroll</u>				
Traditional Plan	\$ 84,681,221	\$ 84,354,750	\$ 83,981,950	\$ 82,183,929
Combined Plan	\$ 2,740,036	\$ 2,616,643	\$ 2,620,086	\$ 2,578,593
<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%

(1) Information prior to 2013 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

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

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 (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 48,883	\$ 53,625	\$ 19,124	\$ 6,914
Contributions in Relation to the Contractually Required Contribution	<u>(48,883)</u>	<u>(53,625)</u>	<u>(19,124)</u>	<u>(6,914)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2012 available upon request.

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 15,878	\$ 20,205	\$ 18,564	\$ 40,608	\$ 46,122	\$ 48,400
<u>(15,878)</u>	<u>(20,205)</u>	<u>(18,564)</u>	<u>(40,608)</u>	<u>(46,122)</u>	<u>(48,400)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 113,414	\$ 144,321	\$ 132,600	\$ 290,057	\$ 354,785	\$ 372,308
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

LAKE COUNTY, OHIO

*Notes to Required Supplementary Information
For the Year Ended December 31, 2021*

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 2014-2021.

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.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2021.

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 2020, 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. 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%.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2021

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.

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 2014-2021.

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 and 2019-2020. 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.

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.

LAKE COUNTY, OHIO

*Notes to Required Supplementary Information
For the Year Ended December 31, 2021*

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, 2021

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		\$12,810
National School Lunch Program	10.555	N/A		7,628
COVID-19 National School Lunch Program	10.555	N/A		4,676
Total Nutrition Cluster				<u>25,114</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	JFSCF121		12,079
		JFSCF122		40,623
		JFSCF521		31,546
		JFSCF522		5,373
		JFSCFB21		552,313
		JFSCFB22		227,445
		JFSCFJ21		36,272
		JFSCFA21		32,309
Total - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				<u>937,960</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURAL				<u>963,074</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
<i>Direct programs:</i>				
Community Development Block Grants/Entitlements Grants	14.218	B-19-UC-39-007	\$165,597	283,684
		B-20-UC-39-007	38,617	660,400
		B-20-UW-39-007	567	416,491
Total - Community Development Block Grants/Entitlements Grants			<u>204,781</u>	<u>1,360,575</u>
Shelter Plus Care	14.238	N/A	331,352	331,352
		N/A	228,086	228,086
Total - Shelter Plus Care			<u>559,438</u>	<u>559,438</u>

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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 HOUSING & URBAN DEVELOPMENT - (Continued)</u>				
<i>Direct programs:</i>				
Home Investment Partnership Program	14.239	M-18-UC-39-0201		13,508
		M-19-UC-39-0201	63,761	238,729
		M-20-UC-39-0201		60,399
Total - Home Investment Partnership Program			<u>63,761</u>	<u>312,636</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>827,980</u>	<u>2,232,649</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through the Ohio Attorney General's Office:</i>				
Crime Victims Assistance	16.575	2021-VOCA-134147380		\$237,988
		2022-VOCA-134717643		47,456
Total - Crime Victims Assistance				<u>285,444</u>
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-AR-BX-0041		146,558
Violence Against Women Formula Grants	16.588	2020-WF-VA5-8211		79,603
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JG-A01-6447		28,000
		15PFJA-21-GG-01739-JAGX		25,598
				<u>53,598</u>
<i>Passed Through the City of Mansfield Police Department</i>				
Forensic DNA Backlog Reduction Program	16.741	2020-DN-BX-0098		256,362
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Paul Coverdell Forensic Sciences Improvement Grant	16.742	2020-PC-NFS-7802		30,915
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>852,480</u>

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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</u>				
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	JFSCES20		\$28,308
		JFSCES21		7,748
Total - Employment Service/Wagner-Peyser Funded Activities				<u>36,056</u>
Unemployment Service Program	17.225	JFSCUR20		7,647
		JFSCUR20		68,819
		JFSCUR21		3,072
		JFSCUR21		28,765
Total - Unemployment Service Program				<u>108,303</u>
Trade Adjustment Assistance - Workers	17.245	JFSCTR19		4,916
		JFSCTR20		1,209
Total - Trade Adjustment Assistance - Workers				<u>6,125</u>
Workforce Investment Act (WIA) Cluster: WIA Adult Program	17.258	JFSCAF20		17,646
		JFSCAP20		9,966
		JFSCAF21		49,732
		JFSCAP21		3,436
		JFSCAF20		199,730
		JFSCAP20		89,697
		JFSCAF21		198,887
		JFSFSW20		677
		JFSFSWBG		403
Total - WIA Adult Program				<u>570,174</u>
WIA Youth Activities	17.259	JFSCYP18		1,634
		JFSCYP19		3,851
		JFSCYP20		2,049
		JFSCYP18		25,123
		JFSCYP19		128,627
		JFSCYP20		36,258
Total - WIA Youth Activities				<u>197,542</u>

LAKE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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>				
WIA Dislocated Worker Formula Grants	17.278	JFSCDP20		3,988
		JFSCDF21		29,243
		JFSCDP21		2,382
		JFSCDF20		144,752
		JFSCDP20		58,403
		JFSCDF21		73,861
		JFSCR20		1,016
		JFSCR21		313
		JFSCRR20		146,917
		JFSCRR21		36,625
Total - WIA Dislocated Worker Formula Grants				<u>497,500</u>
Total - Workforce Investment Act (WIA) Cluster				<u>1,265,216</u>
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	JFSCNO19		3,662
		JFSCNC20		74,376
Total - WIOA National Dislocated Worker Grants/WIA National Emergency Grants				<u>78,038</u>
TOTAL U.S. DEPARTMENT OF LABOR				<u>1,493,738</u>
<u>U.S. FEDERAL HIGHWAY ADMINISTRATION</u>				
<i>Passed Through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	20.205	PID 105936		123,939
		PID 112490		1,488,094
				<u>1,612,033</u>
TOTAL U.S. FEDERAL HIGHWAY ADMINISTRATION				<u>1,612,033</u>

LAKE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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 TREASURY</u>				
<i>Passed Through the Ohio Office of Budget and Management:</i>				
Emergency Rental Assistance	21.023	N/A	3,000,000	3,021,874
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		95,000
				7,585
				<u>102,585</u>
TOTAL U.S. DEPARTMENT OF TREASURY				<u>3,124,459</u>
<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		43,325
Special Education: Preschool Grants	84.173	070037-PGS1-2017		10,756
Total Special Education Cluster				<u>54,081</u>
<i>Passed Through the Ohio Department of Developmental Disabilities:</i>				
Special Education-Grants for Infants and Families	84.181	N/A	245,421	245,421
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>245,421</u>	<u>299,502</u>
<u>ELECTION ASSISTANCE COMMISSION</u>				
<i>Passed through the Ohio Secretary of State</i>				
HAVA Elections Security Grant	90.404	N/A		24,171
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<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	348,928	348,927
		N/A	231,882	231,881
		N/A	31,674	31,674
		N/A	31,674	31,674
Total - Block Grants for Prevention and Treatment of Substance Abuse			<u>644,158</u>	<u>644,156</u>
<i>Passed Through the Ohio Department of Mental Health:</i>				
Projects for Assistance in Transition from Homelessness	93.150	2100388	54,750	54,750
		2200235	54,750	54,750
Total - Projects for Assistance in Transition from Homelessness			<u>109,500</u>	<u>109,500</u>

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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 Mental Health:</i>				
Block Grants for Community Health Services	93.958	N/A	69,693	69,693
		N/A	34,846	34,846
		N/A	2,586	2,586
		N/A	18,750	18,750
			104,539	125,875
 <i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Promoting Safe and Stable Families	93.556	JFSCMC21		1,379
		JFSCMC21		138
		JFSCPF21		24,221
		JFSCPF22		8,676
		JFSCPF21		6,047
		JFSCPF21		14,101
		JFSCPF22		1,085
		JFSCPF21		7,012
Total - Promoting Safe and Stable Families				62,659
 Temporary Assistance for Needy Families	 93.558	JFSCTF21		8,862
		JFSCTF22		6,768
		JFSCTF21		509,950
		JFSCTF22		29,776
		JFSCNF21		750
		JFSCTF20		14,969
		JFSCTF21		457,973
		JFSCTF21B		3,619
		JFSCTF21		1,265,436
Total - Temporary Assistance for Needy Families				2,298,103

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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>				
Child Support Enforcement	93.563	JFSCCS20		1,445,899
		JFSCCS21		644,182
		JFSFCS21I		700
		JFSFCS21I		75
		JFSCCS21I		460,704
		JFSCCS19I		61,554
Total - Child Support Enforcement				<u>2,613,114</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	JFSCCW21		33,088
		JFSCCW21		3,309
Total - Stephanie Tubbs Jones Child Welfare Services Program				<u>36,397</u>
Foster Care Title IV-E	93.658	JFSCFC21		1,510
		JFSCFC22		522
		JFSOLF21		1,655,515
		JFSOLF22		493,824
		JFSCFC21		213,712
		JFSCFC22		92,900
Total - Foster Care Title IV-E				<u>2,457,983</u>
Adoption Assistance	93.659	JFSCAA21		1,772
		JFSCAA21		398,238
		JFSCAA22		161,854
		N/A		453
Total - Adoption Assistance				<u>562,317</u>
Chaffe Foster Care Independence Program	93.674	JFSCIL21		9,062
		JFSCIL22		3,526
		JFSCIL21S		75,445
Total - Chaffe Foster Care Independence Program				<u>88,033</u>
<i>Passed Through the Ohio Department of Mental Health:</i>				
Social Services Block Grant	93.667	N/A	69,862	69,862
		N/A	30,784	30,784
			<u>100,646</u>	<u>100,646</u>
<i>Passed Through the Ohio Department of Developmental Disabilities (DD):</i>				
Social Services Block Grant	93.667	N/A		149,603

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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>				
Social Services Block Grant	93.667	JFSCSS21		362,930
		JFSCSS22		9,999
		JFSCTX21		618,926
		JFSCTX22		275,000
Total - Social Services Block Grant			100,646	1,517,104
Adult Protective Services	93.747	JFSCEB21		125
		JFSCEA21		11,933
				12,058
<i>Passed Through The Ohio Department of Developmental Disabilities (DD):</i>				
Medical Assistance Program	93.778	N/A		941,974
<i>Passed Through The Ohio Department of Jobs and Family Services:</i>				
Medical Assistance Program	93.778	MCDFMT21		151,392
		MCDFMT22		61,340
		MCDFMT21		890,588
		MCDFMT22		349,122
Total - Medical Assistance Program				2,394,416
<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	9,040	9,040
		N/A	378,908	378,908
			387,948	387,948
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Child Care and Development Block Grant	93.575	JFSCCD21		8,881
		JFSCCD21		94,685
Total - Child Care and Development Block Grant				103,566
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,346,791	13,413,229

LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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>				
Boating Safety Financial Assistance	97.012	FAIN#3321FAS210139		34,988
Homeland Security Grant Program	97.067	EMW-2017-SS-00065		5,912
		EMW-2018-SS-00038		210,017
		EMW-2019-SS-00024		12,089
		EMW-2020-SS-00037-S01		44,749
Total - Homeland Security Grant Program			_____	272,767
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			_____	307,755
TOTAL FEDERAL AWARDS			<u>\$2,420,192</u>	<u>\$24,323,090</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, 2021

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, 2021. 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 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, 2021 is \$5,267.

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.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021, 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 19, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Report on 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 purposes 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 19, 2022

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'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, 2021. 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, 2021.

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 19, 2022

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LAKE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2021

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):	➤ CDBG, AL #14.218; Highway Planning and Construction, AL #20.205; Emergency Rental Assistance, AL #21.023; Temporary Assistance for Needy Families, AL #93.558; Block Grants for Prevention and Treatment of Substance Abuse, AL #93.959; Adoption Assistance, AL #93.659
(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 9/27/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov