



OHIO AUDITOR OF STATE
KEITH FABER

**Lake County
December 31, 2025**

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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 the remaining fund information of Lake County, Ohio (the County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and the remaining fund information of Lake County, Ohio as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Developmental Disabilities Board, Board of Alcohol, Drug Addiction & Mental Health Services (ADAMHS) Board Funds 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities (assets) 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 GAAS, 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* 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 GAAS. 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 23, 2026, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 23, 2026

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *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, 2025. 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 2025 are as follows:

- In total, net position increased \$54,584,839. Net position of governmental activities increased \$42,233,403, which represents a 7 percent increase from 2024. Net position of business-type activities increased \$12,351,436 or 5 percent from 2024.
- General revenues accounted for \$182,858,918 in revenue or 54 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$157,266,174 or 46 percent of total revenues of \$340,125,092.
- Total assets of governmental activities increased by \$20,861,488, and total assets of business-type activities increased by \$6,551,957.
- The County had \$236,049,866 in expenses related to governmental activities; only \$97,606,855 of these expenses were offset by program specific charges for services, grants or contributions. Additional general revenues of \$181,145,899 were sufficient to offset the remainder of the total expenses, thus resulting in the net position increase disclosed above.

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.

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 Public Safety are the most significant funds.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

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 2025?" 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 Employment Program) and the Lake Development Authority (the Development Authority). The Employment Program is a legally separate, non-profit organization served by a self-appointing board of trustees. The Employment Program, under a contractual agreement with the Lake County Developmental Disabilities Board, provides a comprehensive program of services, including employment for developmentally disabled citizens. The Development Authority was created during 2007 for the purpose of promoting projects that will provide for the creation of jobs and employment opportunities and improve the economic welfare of the people residing in Lake County.

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

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

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 Public Safety Fund.

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.

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.

LAKE COUNTY, OHIO

Management's Discussion and Analysis ***For the Year Ended December 31, 2025*** ***Unaudited***

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

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

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

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LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

Government-wide Financial Analysis

The following provides a summary of the County's Net Position for 2025 and 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 555,357,087	\$ 579,507,832	\$ 79,510,788	\$ 82,917,106	\$ 634,867,875	\$ 662,424,938
Capital assets, net	337,761,042	297,956,601	253,249,319	244,109,944	591,010,361	542,066,545
Net Pension Asset	-	1,599,998	-	250,958	-	1,850,956
Net OPEB Asset	11,197,332	4,389,542	1,741,836	671,978	12,939,168	5,061,520
Total Assets	904,315,461	883,453,973	334,501,943	327,949,986	1,238,817,404	1,211,403,959
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	-	19,669	-	-	-	19,669
Pension	28,831,529	40,825,337	4,664,037	6,363,500	33,495,566	47,188,837
OPEB	503,199	4,005,402	69,422	624,933	572,621	4,630,335
Total Deferred Outflows of Resources	29,334,728	44,850,408	4,733,459	6,988,433	34,068,187	51,838,841
LIABILITIES						
Current and other liabilities	56,046,722	80,255,712	3,391,212	6,257,213	59,437,934	86,512,925
Long-term liabilities:						
Due within one year	3,617,507	4,151,315	4,709,156	10,058,151	8,326,663	14,209,466
Due in more than one year						
Net Pension Liability	119,234,533	126,910,491	18,500,102	19,738,414	137,734,635	146,648,905
Net OPEB Liability	-	-	-	-	-	-
Other Amounts	86,514,742	89,442,170	40,195,730	38,260,768	126,710,472	127,702,938
Total Liabilities	265,413,504	300,759,688	66,796,200	74,314,546	332,209,704	375,074,234
DEFERRED INFLOWS OF RESOURCES						
Property taxes	57,567,062	56,272,580	-	-	57,567,062	56,272,580
Pension	1,346,557	3,866,717	88,133	574,546	1,434,690	4,441,263
OPEB	2,231,242	2,546,975	339,668	389,362	2,570,910	2,936,337
Total Deferred Inflows of Resources	61,144,861	62,686,272	427,801	963,908	61,572,662	63,650,180
NET POSITION						
Net investment in capital assets	153,243,776	43,315,709	228,203,803	222,683,340	381,447,579	265,999,049
Restricted	464,478,878	527,919,706	1,741,836	922,936	466,220,714	528,842,642
Unrestricted	(10,630,830)	(6,376,994)	42,065,762	36,053,689	31,434,932	29,676,695
Total Net Position	\$ 607,091,824	\$ 564,858,421	\$ 272,011,401	\$ 259,659,965	\$ 879,103,225	\$ 824,518,386

* Restated

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2025. 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, 2025* *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 \$879,103,225 (\$607,091,824 in governmental activities and \$272,011,401 in business type activities) as of December 31, 2025.

A portion of the County's net position \$381,447,579 (43 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, \$466,220,714 (53 percent), represent resources that are subject to external restriction on how they may be used. The remaining balance of \$31,434,932 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, 2025* *Unaudited*

As of December 31, 2025, the County is able to report positive balances in all three categories of net position as a whole, however, unrestricted governmental net position was negative due to the inclusion of the net pension and OPEB liabilities. The County would have reported positive balances in the governmental activities unrestricted net position in 2025 and 2024 without the inclusion of these liabilities.

Total assets increased \$27,413,445 which represented a 2 percent increase over 2024. Total assets of governmental activities increased \$20.9 million primarily due to an increase in capital assets, net and net OPEB asset, which was offset by a decrease in cash and cash equivalents.

Total assets of business-type activities increased \$6.6 million primarily due to an increase in capital assets, net and net OPEB asset, which was offset by a decrease in cash and cash equivalents.

The changes in net pension and OPEB asset, deferred inflows and outflows or resources, net pension liability, and net OPEB liability are attributed to the recording of GASB Statement Nos. 68 and 75 as previously discussed.

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. 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 2025 and 2024.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	\$ 35,615,179	\$ 30,419,468	\$ 49,824,847	\$ 56,346,321	\$ 85,440,026	\$ 86,765,789
Operating grants and contributions	61,521,458	57,236,063	-	-	61,521,458	57,236,063
Capital grants and contributions	470,218	126,976	9,834,472	6,285,092	10,304,690	6,412,068
Total Program Revenues	97,606,855	87,782,507	59,659,319	62,631,413	157,266,174	150,413,920
General Revenues:						
Property taxes	58,683,067	55,769,314	-	-	58,683,067	55,769,314
Sales Tax	51,158,595	48,817,460	-	-	51,158,595	48,817,460
Conveyance Tax	5,319,247	5,168,839	-	-	5,319,247	5,168,839
Lodging Tax	2,776,669	2,585,390	-	-	2,776,669	2,585,390
Grants and entitlements	15,277,475	14,099,922	-	-	15,277,475	14,099,922
Investment income	32,156,827	34,875,054	-	-	32,156,827	34,875,054
Gain on Sale of Capital Assets	63,363	103,834	77,073	25,731	140,436	129,565
All other revenues	15,710,656	12,451,828	1,635,946	1,141,126	17,346,602	13,592,954
Total General Revenues	181,145,899	173,871,641	1,713,019	1,166,857	182,858,918	175,038,498
Total Revenues	278,752,754	261,654,148	61,372,338	63,798,270	340,125,092	325,452,418
EXPENSES						
Program Expenses:						
General government	34,290,189	32,622,856	-	-	34,290,189	32,622,856
Judicial and Public Safety	70,137,148	68,369,091	-	-	70,137,148	68,369,091
Public Works	20,548,485	19,075,497	-	-	20,548,485	19,075,497
Human Services	83,123,717	79,815,290	-	-	83,123,717	79,815,290
Health	16,220,548	18,864,906	-	-	16,220,548	18,864,906
Community and Economic Development	6,558,783	3,799,626	-	-	6,558,783	3,799,626
Interest and fiscal charges	5,170,996	2,944,962	-	-	5,170,996	2,944,962
Water	-	-	19,745,682	18,494,488	19,745,682	18,494,488
Wastewater	-	-	22,500,755	25,763,695	22,500,755	25,763,695
Solid Waste	-	-	7,243,950	8,409,358	7,243,950	8,409,358
Total Expenses	236,049,866	225,492,228	49,490,387	52,667,541	285,540,253	278,159,769
Change in Net Position before Transfers	42,702,888	36,161,920	11,881,951	11,130,729	54,584,839	47,292,649
Transfers	(469,485)	130,000	469,485	(130,000)	-	-
Change in Net Position	42,233,403	36,291,920	12,351,436	11,000,729	54,584,839	47,292,649
Net Position - Beginning of Year, Restated	564,858,421	528,566,501	259,659,965	248,659,236	824,518,386	777,225,737
Net Position - End of Year	\$ 607,091,824	\$ 564,858,421	\$ 272,011,401	\$ 259,659,965	\$ 879,103,225	\$ 824,518,386

Total governmental activities expenses increased from \$225,492,228 in 2024 to \$236,049,866 in 2025. Due to changes in the net Pension and OPEB plan, the County recorded a credit of \$2,316,645 to expenses in 2024 and a credit to expenses of \$223,632 in 2025 for a difference of \$2,093,013 in expenses. Of the total \$236.0 million in governmental activities expenses, \$35,615,179 was covered by direct charges to users of the services. A significant portion of those charges are for fees charged for the collection of property taxes throughout the County, fines and forfeitures related to judicial activity, licenses and permits associated with building inspectors, recording fees for deeds and title fees. Judicial and public safety charges for services include fees for prisoner housing and fines and forfeitures related to judicial activity. Human service charges for services include those provided to clients of the DD Board and the Children's Services Fund. Motor vehicle license fees comprise the majority of public works charges.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

For governmental activities, operating grants and contributions increased from \$57,236,063 in 2024 to \$61,521,458 in 2025 due to an increase in grants received in 2025 as compared to 2024. In 2025 property taxes increased by \$2.9 million, which represents a 5 percent increase. Sales tax increased slightly by \$2,341,135, which represents a 5 percent increase. Real estate conveyance taxes increased by \$.2 million in 2025, which represents a 3 percent increase. Investment earnings decreased by \$2.7 million from the prior year due to interest rates and the change in fair market value. All other revenue increased by \$3.2 million, which represents a 26 percent increase due to moving unclaimed surplus money to the general fund after more than five years. Charges for services to users in the business-type activities amounted to \$49,824,847 and an additional \$9,834,472 was received during the year for grants and contributions for operating and capital expenses. Capital grants and contributions increased due to additional grant opportunities. These two revenue sources more than offset the \$49,490,387 in expenses for business-type activities.

The human services program accounted for \$83,123,717 of expenditures for governmental activities, or 35 percent, of that total. The activity of the County's DD Board comprises more than half of the expenditure total for this program. Expenditures in the human services program increased \$3.3 million in 2025, as compared to 2024, mainly due to increased capital expenditures. 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 increased \$3,435,390 in 2025 as compared to 2024. The increase in expenditures for both of these programs is primarily due to the changes in the net pension and net OPEB liabilities/asset, and related pension/OPEB 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.

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 \$424,479,894. Of this total amount, \$41,307,164 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, 2025* *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 \$44,715,990 while the total fund balance was \$79,706,251. 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 64 percent of total General Fund expenditures and other financing uses, while total fund balance is 69 percent of that same amount.

The fund balance of the County's General Fund increased by \$7.8 million during the current fiscal year. Overall General Fund revenues increased in 2025 by \$4.8 million as compared to the previous year. The primary reason for this increase is an increase of \$4.3 million in all other revenues, which is a result of moving unclaimed surplus money to the general fund after more than five years. Property taxes increased by \$2.2 million in 2025, as a result of the sexennial valuation and special assessments. Intergovernmental revenues increased by \$1.7 million in 2025 due to an increase in grants received by the county. These increases were partially offset by decreases of \$6.3 million in interest and \$0.6 million in fines and forfeitures. The decrease in interest is a result of lower interest rates and changes in fair market value. The decrease in fines and forfeitures is a result of the activity in segregated accounts. All other revenue sources had nominal increases or decreases. Transfers to other governmental funds for operating purposes amounted to \$44.8 million during 2025.

With respect to the fund balances of the other major governmental funds, the DD Board Fund decreased by \$3.3 million. The decrease was due to an increase in expenses and transfers out due to moving monies to capital funds. The fund balance of the ADAMHS Board Fund increased by \$797,472. The fund balance of the Public Safety Capital Projects fund decreased by \$5.7 million due to an increase in expenses due to the new jail being built.

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 \$16,101,303. Unrestricted net position for the Wastewater Fund amounted to \$22,827,201. Total net position increased in both the Water and Sewer Funds due to an increase in grants and revenues outpacing the expenses. The Solid Waste Fund's unrestricted net position amounted to \$3,137,258 and net position increased by \$2,299,983. Operating revenues for all proprietary funds decreased from \$57,487,447 to \$51,460,793, in 2025 as compared to 2024, and operating expenses decreased by \$3,320,223, or 6 percent. Water sales and sewer charges decreased due to the decrease in accounts receivable. During the billing's office transition to a new software in 2025, the County was not able to certify the delinquent accounts to the property taxes. 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 change in operating expenses.

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *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 \$33,895,695 as compared to the original budget for a total increase of 43 percent, primarily due to increases in the estimates for sales tax, conveyance taxes, intergovernmental revenue, interest, miscellaneous revenue, and transfers in. Actual revenues and other financing sources received were \$30,340 more than the final certification.

Final budgeted expenditures and other financing uses, increased from the original budget by 46,366,353 for a total increase of 56 percent. However, actual expenditures and other financing uses were \$12,393,758 less than final budgeted appropriations, which amounted to a 10 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 future capital public safety improvements throughout the County.

Capital Assets and Debt Administration

Capital Assets:

Table 3 shows 2025 values compared to 2024.

Capital Assets at December 31 (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 5,554,011	\$ 5,554,011	\$ 3,709,686	\$ 3,709,686	\$ 9,263,697	\$ 9,263,697
Construction in progress	50,908,933	13,448,697	34,984,411	37,359,092	85,893,344	50,807,789
Total Non-Depreciable	56,462,944	19,002,708	38,694,097	41,068,778	95,157,041	60,071,486
Land improvements	4,157,512	2,441,897	1,198,541	1,205,457	5,356,053	3,647,354
Buildings and Improvements	128,598,315	121,887,182	-	-	128,598,315	121,887,182
Intangible Right-to-use Lease - Buildings	2,807,087	3,181,798	-	-	2,807,087	3,181,798
Intangible Right-to-use Subscription	1,646,623	2,154,534	-	-	1,646,623	2,154,534
Furniture, Fixtures, and Equipment	19,199,928	17,412,731	2,232,407	2,176,512	21,432,335	19,589,243
Infrastructure	124,888,633	131,875,751	-	-	124,888,633	131,875,751
Utility Plant in Service	-	-	211,124,274	199,659,197	211,124,274	199,659,197
Total Depreciable, Net of Depreciation	281,298,098	278,953,893	214,555,222	203,041,166	495,853,320	481,995,059
Total Capital Assets, Net of Depreciation	\$ 337,761,042	\$ 297,956,601	\$ 253,249,319	\$ 244,109,944	\$ 591,010,361	\$ 542,066,545

* Restated

The County's investment in capital assets for its governmental and business type activities as of December 31, 2025, amount to \$591,010,361 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, intangible right-to-use lease – buildings, intangible right-to-use subscription, equipment and machinery, roads, highways, bridges, utility service lines and related operating facilities and the

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

County landfill. Utility Plant in Service in the business-type activities includes all utility buildings and service lines associated with such operations.

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

Perry Park Road Sanitary Improvements - Perry Twp.	\$ 1,815,000
Lakeshore E. 288 Water Improvements	1,426,783
Lakeshore Seaborn – Vine Water Improvements	1,102,084
Twilight Lift Station Sewer Improvements	1,561,309
Kirtland Old Town Sewer Improvements	3,362,133
Deerfield Relief Sewer Improvements	1,331,489
County Administration Center Capital Improvements	5,330,181
Adams, Melridge, Ind. Park Sewer Improvements	2,567,481
Juvenile Court Capital Improvements	396,238
EOC Capital Upgrades	2,135,791
Deepwood Capital Upgrades	634,241
Microwave Upgrades	663,994
Existing Jail Capital Improvements	713,793
Public Defender Office Capital Improvements	2,193,752
Prosecutor Office Capital Improvements	1,291,068
Miscellaneous Office HVAC Improvements	2,013,002

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		
	2025	2024	2025	2024	2025	2024	
General Obligation Bonds	\$ 65,054,000	\$ 66,858,000	\$ 1,805,403	\$ 1,359,164	\$ 66,859,403	\$ 68,217,164	
Special Assessment Bonds	2,976,668	3,285,836	-	-	2,976,668	3,285,836	
OWDA	-	-	17,554,640	14,288,812	17,554,640	14,288,812	
Other Long-term Liabilities	1,499,798	1,624,668	1,754,646	1,745,040	3,254,444	3,369,708	
Leases	2,860,604	3,227,988	-	-	2,860,604	3,227,988	
Subscriptions	1,505,370	1,997,067	-	-	1,505,370	1,997,067	
Notes Payable	-	-	3,350,000	9,156,097	3,350,000	9,156,097	
Unamortized Premium on Debt	4,356,659	4,588,123	-	-	4,356,659	4,588,123	
Landfill Closure & Postclosure	-	-	18,095,500	19,562,498	18,095,500	19,562,498	
Compensated Absences	11,879,150	12,011,803	2,344,697	2,207,308	14,223,847	14,219,111	
Net Pension Liability	119,234,533	126,910,491	18,500,102	19,738,414	137,734,635	146,648,905	
Total Outstanding Debt	<u>\$ 209,366,782</u>	<u>\$ 220,503,976</u>	<u>\$ 63,404,988</u>	<u>\$ 68,057,333</u>	<u>\$ 272,771,770</u>	<u>\$ 288,561,309</u>	

LAKE COUNTY, OHIO

Management's Discussion and Analysis *For the Year Ended December 31, 2025* *Unaudited*

Of the debt outstanding at December 31, 2025, 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. Lease and subscriptions are for the right to use of assets and software, which are paid for over the lease or subscription period.

General obligation bonds increased due to the issuance of a new bond for the Correctional Facilities Project.

The County maintains an “Aa1” credit rating from Moody’s Investor Services, Inc. The overall debt margin at December 31, 2025 was \$92.3 million with an unvoted total debt margin of \$227.4 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 2025 as a result of interest income, real estate income as a result of the recent sexennial and miscellaneous revenue increases. The Commissioners and the department heads have worked diligently in reducing expenses as they plan for future large capital improvements, including a public safety center.

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, 2025*** ***Unaudited***

Inflationary trends for the County improved in 2025. The unemployment rate for the County at the end of 2025 was 3.4 percent, which was a decrease from the 3.3 percent at the end of 2024. The County's rate compares favorably to the State rate of 4.5 percent at the end of 2025 and is slightly lower than the Federal rate of 4.4 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 2025. 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, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Employment Program	Development Authority
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 447,171,987	\$ 68,883,433	\$ 516,055,420	\$ 1,093,194	\$ 3,942,681
Cash and Cash Equivalents:					
In Segregated Accounts	4,921,542	-	4,921,542		
Receivables:					
Property Taxes	59,761,207	-	59,761,207	-	-
Sales Tax	8,625,430	-	8,625,430	-	-
Accounts	4,151,692	7,765,749	11,917,441	57,224	19,165
Other Assets and Receivables	-	-	-	(450)	391,990
Special Assessments	8,665,609	-	8,665,609	-	-
Accrued Interest	16,501,212	-	16,501,212	-	-
Due from Other Governments	4,157,076	-	4,157,076	-	-
Materials and Supplies Inventory	758,620	2,753,140	3,511,760	755	-
Internal Balances	(24,708)	24,708	-	-	-
Loans Receivable	8,243	-	8,243	-	-
Prepaid Items	659,177	83,758	742,935	7,701	25,436
Nondepreciable Capital Assets	56,462,944	38,694,097	95,157,041	-	16,052,709
Depreciable Capital Assets	281,298,098	214,555,222	495,853,320	3,103	1,081,279
Net OPEB Asset	11,197,332	1,741,836	12,939,168	-	48,010
Total Assets	904,315,461	334,501,943	1,238,817,404	1,161,527	21,561,270
DEFERRED OUTFLOWS OF RESOURCES					
Pension	28,831,529	4,664,037	33,495,566	-	210,857
OPEB	503,199	69,422	572,621	-	1,077
Total Deferred Outflows of Resources	29,334,728	4,733,459	34,068,187	-	211,934
LIABILITIES					
Accounts Payable	1,858,982	478,007	2,336,989	-	81,026
Accrued Wages and Benefits	4,374,873	715,807	5,090,680	31,002	-
Due to Other Governments	1,483,783	251,099	1,734,882	-	6,164
Employee Withholding and Benefits Payable	12,549,204	499,989	13,049,193	-	-
Matured Compensated Absences Payable	223,132	-	223,132	-	7,329
Accrued Interest Payable	658,880	100,313	759,193	-	1,650
Retainage Payable	-	374,376	374,376	-	-
Other Payables	-	-	-	3,744	1,242,775
Customer Deposits	-	742,608	742,608	-	-
Claims Payable	-	-	-	-	-
Unearned Revenue	2,629,068	229,013	2,858,081	-	-
Notes Payable	32,268,800	-	32,268,800	-	-
Long-term Liabilities:					
Due within one year	3,617,507	4,709,156	8,326,663	-	10,000
Due in more than one year:					
Net Pension Liability	119,234,533	18,500,102	137,734,635	-	413,332
Other Amounts Due in more than one year	86,514,742	40,195,730	126,710,472	-	60,000
Total Liabilities	265,413,504	66,796,200	332,209,704	34,746	1,822,276
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	57,567,062	-	57,567,062	-	-
Gain on Sale of Land and Leases	-	-	-	-	233,240
Pension	1,346,557	88,133	1,434,690	-	12,941
OPEB	2,231,242	339,668	2,570,910	-	9,627
Total Deferred Inflows of Resources	61,144,861	427,801	61,572,662	-	255,808
NET POSITION					
Net Investment in Capital Assets	153,243,776	228,203,803	381,447,579	3,103	17,063,988
Restricted for:					
Debt Service	5,107,255	-	5,107,255	-	-
Capital Projects	289,411,032	-	289,411,032	-	406,629
Roads and Bridges	11,229,920	-	11,229,920	-	-
Health Programs	4,418,330	-	4,418,330	-	-
Public Assistance/Human Services	50,731,830	-	50,731,830	-	-
Economic Development	13,070,241	-	13,070,241	-	-
Children's Services Programs	15,032,428	-	15,032,428	-	-
Other Public Works Activity	28,192,383	-	28,192,383	-	-
Judicial/Public Safety Grants/Programs	21,824,441	-	21,824,441	-	-
Pension/OPEB	11,197,332	1,741,836	12,939,168	4,042	-
Other Purposes	14,263,686	-	14,263,686	-	-
Unrestricted (Deficit)	(10,630,830)	42,065,762	31,434,932	1,119,636	2,224,503
Total Net Position	\$ 607,091,824	\$ 272,011,401	\$ 879,103,225	\$ 1,126,781	\$ 19,695,120

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, 2025

			Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
	Expenses	Charges for Services		
Primary Government:				
Governmental activities:				
Judicial and Public Safety	\$ 70,137,148	\$ 13,069,668	\$ 2,224,917	\$ 470,218
Health	16,220,548	893,405	8,015,131	-
Human Services	83,123,717	3,002,557	29,225,074	-
Community and Economic Development	6,558,783	-	3,180,779	-
Public Works	20,548,485	5,367,197	11,613,560	-
General Government	34,290,189	13,282,352	7,261,997	-
Interest and Fiscal Charges	5,170,996	-	-	-
Total Governmental activities	236,049,866	35,615,179	61,521,458	470,218
Business-type activities:				
Water	19,745,682	18,395,067	-	3,727,572
Wastewater	22,500,755	21,961,805	-	6,081,900
Solid Waste	7,243,950	9,467,975	-	25,000
Total Business-type activities	49,490,387	49,824,847	-	9,834,472
Total Primary Government	\$ 285,540,253	\$ 85,440,026	\$ 61,521,458	\$ 10,304,690
Component Units:				
Employment Program	\$ 1,882,063	\$ 662,746	\$ 1,279,106	\$ -
Port Authority	9,889,658	363,623	1,456,811	14,933,618
Total Component Units	\$ 11,771,721	\$ 1,026,369	\$ 2,735,917	\$ 14,933,618
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	Employment Program	Development Authority	
\$ (54,372,345)	\$ -	\$ (54,372,345)	\$ -	\$ -	
(7,312,012)	-	(7,312,012)	-	-	
(50,896,086)	-	(50,896,086)	-	-	
(3,378,004)	-	(3,378,004)	-	-	
(3,567,728)	-	(3,567,728)	-	-	
(13,745,840)	-	(13,745,840)	-	-	
(5,170,996)	-	(5,170,996)	-	-	
(138,443,011)	-	(138,443,011)	-	-	
-	2,376,957	2,376,957	-	-	
-	5,542,950	5,542,950	-	-	
-	2,249,025	2,249,025	-	-	
-	10,168,932	10,168,932	-	-	
\$ (138,443,011)	\$ 10,168,932	\$ (128,274,079)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ 59,789	\$ -	
-	-	-	-	6,864,394	
\$ -	\$ -	\$ -	\$ 59,789	\$ 6,864,394	
8,361,142	-	8,361,142	-	-	
25,992,219	-	25,992,219	-	-	
8,831,594	-	8,831,594	-	-	
5,818,021	-	5,818,021	-	-	
1,188,845	-	1,188,845	-	-	
3,896,637	-	3,896,637	-	-	
4,594,609	-	4,594,609	-	-	
51,158,595	-	51,158,595	-	-	
5,319,247	-	5,319,247	-	-	
2,776,669	-	2,776,669	-	-	
15,277,475	-	15,277,475	-	-	
32,156,827	-	32,156,827	35,251	75,603	
63,363	77,073	140,436	-	59,764	
15,710,656	1,635,946	17,346,602	-	446,188	
(469,485)	469,485	-	-	-	
180,676,414	2,182,504	182,858,918	35,251	581,555	
42,233,403	12,351,436	54,584,839	95,040	7,445,949	
564,858,421	259,659,965	824,518,386	1,031,741	12,249,171	
\$ 607,091,824	\$ 272,011,401	\$ 879,103,225	\$ 1,126,781	\$ 19,695,120	

LAKE COUNTY, OHIO

Balance Sheet Governmental Funds December 31, 2025

	General Fund	Developmental Disabilities Board	ADAMHS	Public Safety	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 60,879,033	\$ 48,664,937	\$ 4,117,997	\$ 181,149,178	\$ 142,982,711	\$ 437,793,856
Cash and Cash Equivalents:						
In Segregated Accounts	4,921,542	-	-	-	-	4,921,542
Receivables:						
Property Taxes	8,502,312	26,488,900	8,971,708	-	15,798,287	59,761,207
Sales Tax	8,625,430	-	-	-	-	8,625,430
Accounts	539,427	9,238	162,027	-	3,441,000	4,151,692
Special Assessments	-	-	-	-	8,665,609	8,665,609
Accrued Interest	16,461,322	-	-	-	39,890	16,501,212
Due from Other Funds	273,040	2,254	996	-	180,391	456,681
Due from Other Governments	695,904	967,715	135,370	-	2,269,860	4,068,849
Materials and Supplies Inventory	-	-	-	-	723,212	723,212
Interfund Receivable	19,765	-	-	-	-	19,765
Loans Receivable	-	-	-	-	8,243	8,243
Prepaid Items	543,237	58,857	7,336	-	49,657	659,087
Total Assets	<u>\$ 101,461,012</u>	<u>\$ 76,191,901</u>	<u>\$ 13,395,434</u>	<u>\$ 181,149,178</u>	<u>\$ 174,158,860</u>	<u>\$ 546,356,385</u>
Liabilities:						
Accounts Payable	\$ 140,283	\$ 283,978	\$ 45,180	\$ -	\$ 1,389,428	\$ 1,858,869
Accrued Wages and Benefits	2,024,301	1,156,364	38,245	-	1,146,528	4,365,438
Matured Compensated Absences Payable	122,973	99,209	-	-	950	223,132
Employee Withholdings and Benefits Payable	10,180,208	795,531	28,982	-	1,544,483	12,549,204
Due to Other Governments	743,990	181,736	14,434	-	542,296	1,482,456
Due to Other Funds	40,694	-	-	-	388,778	429,472
Interfund Payable	-	-	-	-	19,765	19,765
Unearned Revenue	-	-	-	-	2,629,068	2,629,068
Notes Payable	-	-	-	25,000,000	7,268,800	32,268,800
Total Liabilities	<u>13,252,449</u>	<u>2,516,818</u>	<u>126,841</u>	<u>25,000,000</u>	<u>14,930,096</u>	<u>55,826,204</u>
Deferred Inflows of Resources:						
Property Taxes	8,203,059	25,507,858	8,640,632	-	15,215,513	57,567,062
Unavailable Revenue - Delinquent Property Taxes	299,253	981,042	331,076	-	582,774	2,194,145
Unavailable Revenue - Special Assessments	-	-	-	-	3,053,374	3,053,374
Unavailable Revenue - Intergovernmental	-	-	32,482	-	3,203,224	3,235,706
Total Deferred Inflows of Resources	<u>8,502,312</u>	<u>26,488,900</u>	<u>9,004,190</u>	<u>-</u>	<u>22,054,885</u>	<u>66,050,287</u>
Fund Balances:						
Nonspendable	916,554	58,857	7,336	-	772,869	1,755,616
Restricted	-	47,127,326	4,257,067	40,616,801	133,169,488	225,170,682
Committed	31,546,734	-	-	115,532,377	6,640,348	153,719,459
Assigned	2,526,973	-	-	-	-	2,526,973
Unassigned (Deficit)	44,715,990	-	-	-	(3,408,826)	41,307,164
Total Fund Balances	<u>79,706,251</u>	<u>47,186,183</u>	<u>4,264,403</u>	<u>156,149,178</u>	<u>137,173,879</u>	<u>424,479,894</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 101,461,012</u>	<u>\$ 76,191,901</u>	<u>\$ 13,395,434</u>	<u>\$ 181,149,178</u>	<u>\$ 174,158,860</u>	<u>\$ 546,356,385</u>

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, 2025*

Total Governmental Funds Balance	\$ 424,479,894
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*Amounts reported for Governmental Activities in the Statement of Net Position
are different because:*

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds	337,761,042
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Other long-term assets are not available to pay for current-period expenditures
and, therefore, are unavailable revenues in the funds:

Property Taxes	2,194,145	
Special Assessments	3,053,374	
Intergovernmental	3,235,706	
Total		8,483,225

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due.	(658,880)
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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.	9,439,064
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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	28,831,529	
Deferred Inflows - Pension	(1,346,557)	
Net OPEB Asset	11,197,332	
Net Pension Liability	(119,234,533)	
Deferred Outflows - OPEB	503,199	
Deferred Inflows - OPEB	(2,231,242)	
Total		(82,280,272)

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	(65,054,000)	
Special assessment bonds	(2,976,668)	
Unamortized premiums	(4,356,659)	
Compensated absences	(11,879,150)	
Leases and Subscriptions	(4,365,974)	
OPWC loans	(1,499,798)	
Total		(90,132,249)

Net Position of Governmental Activities	\$ 607,091,824
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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, 2025

	General	Developmental			Other	Total
	Fund	Disabilities	ADAMHS	Public	Governmental	Governmental
		Board		Safety	Funds	Funds
REVENUES						
Property Taxes	\$ 8,310,197	\$ 25,817,662	\$ 8,772,891	\$ -	\$ 15,394,532	\$ 58,295,282
Sales Tax	51,158,595	-	-	-	-	51,158,595
Conveyance and Other Local Taxes	5,290,466	-	-	-	2,805,450	8,095,916
Intergovernmental	10,667,521	16,548,092	9,059,661	-	38,212,701	74,487,975
Interest	26,939,317	-	-	4,737,807	479,703	32,156,827
Licenses and Permits	1,664,518	-	-	-	863,213	2,527,731
Fines and Forfeitures	3,304	-	-	-	2,846,494	2,849,798
Fees and Charges for Services	9,305,131	298,038	996	-	18,466,424	28,070,589
Contributions and Donations	-	625	-	-	35,311	35,936
Special Assessments	-	-	-	-	309,952	309,952
All Other Revenues	8,476,583	825,062	629,425	87	5,780,538	15,711,695
Total Revenues	121,815,632	43,489,479	18,462,973	4,737,894	85,194,318	273,700,296
EXPENDITURES						
Judicial and Public Safety	51,806,093	-	-	-	15,491,407	67,297,500
Health	17,454	67,493	10,733,205	-	644,508	11,462,660
Human Services	1,612,601	44,377,594	-	-	33,351,164	79,341,359
Community and Economic Development	-	-	-	-	6,569,648	6,569,648
Public Works	224,502	-	-	-	13,690,368	13,914,870
General Government	15,584,503	-	-	-	12,103,631	27,688,134
Capital Outlay	-	-	6,877,136	42,809,062	8,518,740	58,204,938
Debt Service:	-	-	-	-	-	-
Principal Retirement	596,463	-	53,413	-	2,700,439	3,350,315
Interest and Fiscal Charges	47,444	-	1,747	2,000,000	3,859,676	5,908,867
Bond Issuance Costs	-	-	-	-	304,311	304,311
Total Expenditures	69,889,060	44,445,087	17,665,501	44,809,062	97,233,892	274,042,602
Excess of Revenues Over (Under) Expenditures	51,926,572	(955,608)	797,472	(40,071,168)	(12,039,574)	(342,306)
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	42,868	-	-	-	20,495	63,363
Issuance of Lease	-	-	-	-	253,196	253,196
Transfers In	690,098	-	-	34,351,788	17,922,617	52,964,503
Transfers Out	(44,822,824)	(2,300,000)	-	-	(6,311,164)	(53,433,988)
Total Other Financing Sources (Uses)	(44,089,858)	(2,300,000)	-	34,351,788	11,885,144	(152,926)
Net Change in Fund Balances	7,836,714	(3,255,608)	797,472	(5,719,380)	(154,430)	(495,232)
Fund Balances - Beginning of Year	71,869,537	50,441,791	3,466,931	161,868,558	137,328,309	424,975,126
Fund Balances - End of Year	\$ 79,706,251	\$ 47,186,183	\$ 4,264,403	\$ 156,149,178	\$ 137,173,879	\$ 424,479,894

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, 2025*

Net Change in Fund Balances-Total Governmental Funds \$ (495,232)

*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
capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	\$ 55,099,899	
Depreciation	(15,295,458)	
Total		39,804,441

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	387,785	
Special assessments	(316,336)	
Intergovernmental	2,564,888	
Total		2,636,337

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 leases. (253,196)

Repayment of bond principal, notes, OPWC loan, financed purchases, and leases
are expenditures in the Governmental funds, but the repayment reduces
long-term liabilities in the Statement of Net Position. 3,350,315

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

Pension	12,247,898	
OPEB	154,213	
		12,402,111

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	(15,645,586)	
OPEB	3,467,107	
		(12,178,479)

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	132,653	
Accrued interest on bonds	830,387	
Amortization of bond premiums	231,464	
Amortization of loss on refunding	(19,669)	
Total		1,174,835

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.

Change in Net Position of Governmental Activities		<u><u>\$ 42,233,403</u></u>
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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, 2025*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 8,000,000	\$ 8,306,400	\$ 8,306,468	\$ 68
Sales Tax	42,500,000	50,366,000	50,366,420	420
Conveyances and Other Local Taxes	3,851,500	5,289,600	5,290,466	866
Fees and Charges for Services	6,058,702	7,042,427	7,041,005	(1,422)
License and Permits	1,235,000	1,665,100	1,664,518	(582)
Fines and Forfeitures	162,000	152,300	151,235	(1,065)
Intergovernmental	7,991,600	10,521,642	10,521,066	(576)
Interest	5,000,000	19,516,000	19,515,992	(8)
All Other Revenues	3,518,220	8,354,882	8,387,921	33,039
Total Revenues	78,317,022	111,214,351	111,245,091	30,740
Expenditures:				
Current:				
General Government	23,799,045	24,042,630	20,452,635	3,589,995
Judicial and Public Safety	47,730,055	54,474,672	48,069,383	6,405,289
Public Works	221,400	221,400	217,192	4,208
Human Services	1,955,465	1,982,890	1,573,839	409,051
Health	38,680	38,800	17,353	21,447
Total Expenditures	73,744,645	80,760,392	70,330,402	10,429,990
Excess of Revenues Over (Under) Expenditures	4,572,377	30,453,959	40,914,689	10,460,730
Other Financing Sources (Uses)				
Sale of Capital Assets	-	42,866	42,868	2
Transfers In	1,350,000	2,305,500	2,305,098	(402)
Transfers Out	(8,635,986)	(47,986,592)	(46,022,824)	1,963,768
Total Other Financing Sources (Uses)	(7,285,986)	(45,638,226)	(43,674,858)	1,963,368
Net Change in Fund Balance	(2,713,609)	(15,184,267)	(2,760,169)	12,424,098
Fund Balance - Beginning of Year	39,953,877	39,953,877	39,953,877	-
Prior Year Encumbrances Appropriated	4,393,986	4,393,986	4,393,986	-
Fund Balance - End of Year	\$ 41,634,254	\$ 29,163,596	\$ 41,587,694	\$ 12,424,098

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, 2025*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 25,600,000	\$ 25,817,000	\$ 25,817,662	\$ 662
Intergovernmental	13,329,100	16,524,916	16,525,015	99
Contributions and Donations	2,700	625	625	-
All Other Revenues	1,030,300	860,900	861,051	151
Total Revenues	<u>39,962,100</u>	<u>43,203,441</u>	<u>43,204,353</u>	<u>912</u>
Expenditures:				
Current:				
Human Services	45,238,777	47,460,040	43,743,995	3,716,045
Total Expenditures	<u>45,238,777</u>	<u>47,460,040</u>	<u>43,743,995</u>	<u>3,716,045</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,276,677)</u>	<u>(4,256,599)</u>	<u>(539,642)</u>	<u>3,716,957</u>
Other Financing (Uses)				
Transfers In	250,000	-	-	-
Transfers Out	(2,250,000)	(2,500,000)	(2,300,000)	200,000
Total Other Financing (Uses)	<u>(2,000,000)</u>	<u>(2,500,000)</u>	<u>(2,300,000)</u>	<u>200,000</u>
Net Change in Fund Balance	(7,276,677)	(6,756,599)	(2,839,642)	3,916,957
Fund Balance - Beginning of Year	49,617,752	49,617,752	49,617,752	-
Prior Year Encumbrances Appropriated	583,429	583,429	583,429	-
Fund Balance - End of Year	<u>\$ 42,924,504</u>	<u>\$ 43,444,582</u>	<u>\$ 47,361,539</u>	<u>\$ 3,916,957</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 8,723,000	\$ 8,773,000	\$ 8,772,891	\$ (109)
Intergovernmental	10,115,071	8,963,405	8,956,773	(6,632)
All Other Revenues	750,000	483,000	483,523	523
Total Revenues	<u>19,588,071</u>	<u>18,219,405</u>	<u>18,213,187</u>	<u>(6,218)</u>
Expenditures:				
Current:				
Health	13,031,934	14,100,097	12,618,892	1,481,205
Capital Outlay	<u>8,544,573</u>	<u>8,727,556</u>	<u>6,877,136</u>	<u>1,850,420</u>
Total Expenditures	<u>21,576,507</u>	<u>22,827,653</u>	<u>19,496,028</u>	<u>3,331,625</u>
Net Change in Fund Balance	(1,988,436)	(4,608,248)	(1,282,841)	3,325,407
Fund Balance - Beginning of Year	2,250,364	2,250,364	2,250,364	-
Prior Year Encumbrances Appropriated	<u>1,531,057</u>	<u>1,531,057</u>	<u>1,531,057</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,792,985</u>	<u>\$ (826,827)</u>	<u>\$ 2,498,580</u>	<u>\$ 3,325,407</u>

See accompanying notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fund Net Position
Proprietary Funds
December 31, 2025

	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	\$ 19,243,043	\$ 27,859,144	\$ 21,781,246	\$ 68,883,433	\$ 9,378,131
Materials and Supplies Inventory	2,345,697	404,180	3,263	2,753,140	35,408
Accounts Receivable	3,274,986	3,489,640	1,001,123	7,765,749	-
Due from Other Funds	23,054	4,169	2,687	29,910	148
Due from Other Governments	-	-	-	-	88,227
Prepaid Items	32,706	44,530	6,522	83,758	90
<i>Total Current Assets</i>	<u>24,919,486</u>	<u>31,801,663</u>	<u>22,794,841</u>	<u>79,515,990</u>	<u>9,502,004</u>
Noncurrent Assets:					
Capital Assets:					
Land	399,593	1,454,624	1,855,469	3,709,686	-
Construction in Progress	6,864,076	22,502,443	5,617,892	34,984,411	-
Depreciable Assets, Net of Depreciation	89,047,522	118,708,973	6,798,727	214,555,222	-
Net OPEB Asset	808,678	831,486	101,672	1,741,836	730
<i>Total Noncurrent Assets</i>	<u>97,119,869</u>	<u>143,497,526</u>	<u>14,373,760</u>	<u>254,991,155</u>	<u>730</u>
Total Assets	<u>122,039,355</u>	<u>175,299,189</u>	<u>37,168,601</u>	<u>334,507,145</u>	<u>9,502,734</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	2,194,770	2,152,140	317,127	4,664,037	2,153
OPEB	32,231	33,139	4,052	69,422	29
Total Deferred Outflows of Resources	<u>2,227,001</u>	<u>2,185,279</u>	<u>321,179</u>	<u>4,733,459</u>	<u>2,182</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	51,718	30,993	395,296	478,007	113
Accrued Wages and Benefits	334,560	341,395	39,852	715,807	9,435
Customer Deposits Payable	320,322	422,286	-	742,608	-
Retainage Payable	47,583	222,757	104,036	374,376	-
Due to Other Governments	116,596	119,769	14,734	251,099	1,327
Due to Other Funds	5,145	-	57	5,202	52,065
Employee Withholdings and Benefits Payable	232,714	237,974	29,301	499,989	-
Accrued Interest Payable	20,625	79,688	-	100,313	-
Unearned Revenue	113,703	115,310	-	229,013	-
Compensated Absences Payable	95,572	65,658	14,011	175,241	5,643
General Obligation Bonds Payable	-	67,577	-	67,577	-
Notes Payable	1,000,000	2,350,000	-	3,350,000	-
OWDA Loans Payable	28,150	961,420	-	989,570	-
Other Long Term Debt Payable	68,469	58,299	-	126,768	-
<i>Total Current Liabilities</i>	<u>2,435,157</u>	<u>5,073,126</u>	<u>597,287</u>	<u>8,105,570</u>	<u>68,583</u>
Noncurrent Liabilities:					
Compensated Absences Payable	1,007,088	956,997	205,371	2,169,456	48,129
General Obligation Bonds Payable	-	1,737,826	-	1,737,826	-
OWDA Loans Payable	337,796	16,227,274	-	16,565,070	-
Other Long Term Debt Payable	944,693	683,185	-	1,627,878	-
Landfill Closure and Post-Closure Costs	-	-	18,095,500	18,095,500	-
Net Pension Liability	8,589,002	8,831,242	1,079,858	18,500,102	7,758
<i>Total Noncurrent Liabilities</i>	<u>10,878,579</u>	<u>28,436,524</u>	<u>19,380,729</u>	<u>58,695,832</u>	<u>55,887</u>
Total Liabilities	<u>13,313,736</u>	<u>33,509,650</u>	<u>19,978,016</u>	<u>66,801,402</u>	<u>124,470</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	-	88,133	-	88,133	6,938
OPEB	157,697	162,144	19,827	339,668	142
Total Deferred Inflows of Resources	<u>157,697</u>	<u>250,277</u>	<u>19,827</u>	<u>427,801</u>	<u>7,080</u>
NET POSITION					
Net Investment in Capital Assets	93,884,942	120,065,854	14,253,007	228,203,803	-
Restricted for:					
Pension	808,678	831,486	101,672	1,741,836	730
Unrestricted	16,101,303	22,827,201	3,137,258	42,065,762	9,372,636
Total Net Position	<u>\$ 110,794,923</u>	<u>\$ 143,724,541</u>	<u>\$ 17,491,937</u>	<u>\$ 272,011,401</u>	<u>\$ 9,373,366</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
*Statement of Revenues, Expenditures, and Changes in Net Position-
Proprietary Funds
For the Year Ended December 31, 2025*

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
OPERATING REVENUES					
Water Sales	\$ 17,049,625	\$ -	\$ -	\$ 17,049,625	\$ -
Sewer Charges	-	19,352,982	-	19,352,982	-
Fees, Permits and Tap-Ins	717,213	198,396	-	915,609	-
Charges for Services	628,229	2,410,427	9,467,975	12,506,631	22,255,413
Other Operating Revenues	1,345,883	241,830	48,233	1,635,946	192,865
Total Operating Revenues	<u>19,740,950</u>	<u>22,203,635</u>	<u>9,516,208</u>	<u>51,460,793</u>	<u>22,448,278</u>
OPERATING EXPENSES					
Personal Services	9,153,407	9,246,966	1,170,576	19,570,949	263,711
Materials and Supplies	2,609,006	1,752,087	208,951	4,570,044	695,142
Contractual Services	1,714,726	3,406,596	3,041,238	8,162,560	204,617
Depreciation	3,926,332	6,767,419	790,967	11,484,718	-
Insurance Claims	-	-	-	-	19,873,040
Other	2,278,236	766,812	2,032,218	5,077,266	5,621,296
Total Operating Expenses	<u>19,681,707</u>	<u>21,939,880</u>	<u>7,243,950</u>	<u>48,865,537</u>	<u>26,657,806</u>
Operating Income (Loss)	<u>59,243</u>	<u>263,755</u>	<u>2,272,258</u>	<u>2,595,256</u>	<u>(4,209,528)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain on Sale of Capital Assets	19,750	54,598	2,725	77,073	-
Interest and Fiscal Charges	(63,975)	(560,875)	-	(624,850)	-
Total Nonoperating Revenues (Expenses)	<u>(44,225)</u>	<u>(506,277)</u>	<u>2,725</u>	<u>(547,777)</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	15,018	(242,522)	2,274,983	2,047,479	(4,209,528)
Grants and Contributed Capital	3,727,572	6,081,900	25,000	9,834,472	-
Transfers In	-	600,000	-	600,000	-
Transfers Out	(65,000)	(65,515)	-	(130,515)	-
Change in Net Position	<u>3,677,590</u>	<u>6,373,863</u>	<u>2,299,983</u>	<u>12,351,436</u>	<u>(4,209,528)</u>
Net Position - Beginning of Year	107,117,333	137,350,678	15,191,954	259,659,965	13,582,894
Net Position - End of Year	<u>\$ 110,794,923</u>	<u>\$ 143,724,541</u>	<u>\$ 17,491,937</u>	<u>\$ 272,011,401</u>	<u>\$ 9,373,366</u>

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 37,917,740	\$ 23,121,469	\$ 9,326,819	\$ 70,366,028	\$ 22,304,261
Other Operating Revenues	1,265,244	241,830	48,233	1,555,307	150,080
Cash Payments to Employees for Services	(8,702,662)	(8,901,465)	(1,095,179)	(18,699,306)	(252,990)
Cash Payments for Supplies	(2,807,008)	(1,797,234)	(208,262)	(4,812,504)	(707,564)
Cash Payments for Contractual Services	(20,022,247)	(1,648,884)	(4,220,512)	(25,891,643)	(205,093)
Cash Payments for Claims	-	-	-	-	(19,939,586)
Other Cash Payments	(2,284,198)	(2,436,165)	(1,902,996)	(6,623,359)	(5,623,286)
Net Cash Provided by (Used for) Operating Activities	<u>5,366,869</u>	<u>8,579,551</u>	<u>1,948,103</u>	<u>15,894,523</u>	<u>(4,274,178)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	5,317,871	9,429,525	3,804,963	18,552,359	5,127,958
Transfers Out	<u>(5,382,871)</u>	<u>(8,895,040)</u>	<u>(3,804,963)</u>	<u>(18,082,874)</u>	<u>(5,127,958)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(65,000)</u>	<u>534,485</u>	<u>-</u>	<u>469,485</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Grants Received	2,318,337	2,771,880	25,000	5,115,217	-
Proceeds from OPWC Loans	161,429	4,046,012	-	4,207,441	-
Proceeds of Bonds	-	475,000	-	475,000	-
Proceeds of Notes	1,000,000	4,619,000	-	5,619,000	-
Premium on Note Issuances	-	27,530	-	27,530	-
Proceeds from Sale of Capital Assets	19,750	54,598	2,725	77,073	-
Principal Paid on Debt	(3,112,776)	(9,284,062)	-	(12,396,838)	-
Interest Paid on Debt	(115,095)	(672,564)	-	(787,659)	-
Payments for Capital Acquisitions	<u>(6,381,812)</u>	<u>(10,144,949)</u>	<u>(1,234,604)</u>	<u>(17,761,365)</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(6,110,167)</u>	<u>(8,107,555)</u>	<u>(1,206,879)</u>	<u>(15,424,601)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(808,298)	1,006,481	741,224	939,407	(4,274,178)
Cash and Cash Equivalents - Beginning of Year	20,051,341	26,852,663	21,040,022	67,944,026	13,652,309
Cash and Cash Equivalents - End of Year	<u>\$ 19,243,043</u>	<u>\$ 27,859,144</u>	<u>\$ 21,781,246</u>	<u>\$ 68,883,433</u>	<u>\$ 9,378,131</u>

LAKE COUNTY, OHIO
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2025

	Business-Type Activities				Governmental Activities
	Water	Waste Water	Solid Waste	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 59,243	\$ 263,755	\$ 2,272,258	\$ 2,595,256	\$ (4,209,528)
Adjustments:					
Depreciation	3,926,332	6,767,419	790,967	11,484,718	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	1,117,658	1,040,656	(139,227)	2,019,087	-
Due from Other Governments	-	-	-	-	(42,785)
Materials and Supplies Inventory	(202,457)	(45,909)	(1,074)	(249,440)	(9,570)
Due from Other Funds	(15,017)	(2,102)	(1,929)	(19,048)	48,904
Prepaid Items	(5,544)	(9,241)	(1,294)	(16,079)	54
Net Pension Asset	115,091	122,508	13,359	250,958	270
Net OPEB Asset	(500,504)	(503,453)	(65,901)	(1,069,858)	(6)
Deferred Outflows of Resources - Pension and OPEB	977,948	1,226,199	50,827	2,254,974	5,346
					-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	143,554	487,872	409,244	1,040,670	(5,579)
Accrued Wages	281,559	285,600	33,268	600,427	7,840
Due to Other Funds	(3,578)	(1,637)	(90)	(5,305)	1,633
Due to Other Governments	(9,942)	44,821	6,214	41,093	(962)
Customer Deposits	23,622	121,110	-	144,732	-
Payroll Withholdings Payable	177,557	179,472	22,930	379,959	-
Compensated Absences Payable	103,380	15,965	18,044	137,389	3,655
Retainage Payable	(74,490)	(388,945)	9,842	(453,593)	-
Landfill Closure and Post-Closure Costs	-	-	(1,466,998)	(1,466,998)	-
Claims Payable	-	-	-	-	(65,984)
Net Pension Liability	(463,185)	(804,274)	29,147	(1,238,312)	(13,508)
Deferred Inflows of Resources - Pension and OPEB	(284,358)	(220,265)	(31,484)	(536,107)	6,042
Net Cash Provided by (Used for) Operating Activities	\$ 5,366,869	\$ 8,579,551	\$ 1,948,103	\$ 15,894,523	\$ (4,274,178)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
In 2025, the County received infrastructure donations	\$ 1,409,235	\$ 3,310,020	\$ -	\$ 4,719,255	\$ -
The net impact of accruals related to capital assets	\$ 921,150	\$ 921,029	\$ 14,348	\$ 1,856,527	\$ -

See accompany notes to the basic financial statements.

LAKE COUNTY, OHIO
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025

	<u>Custodial</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 15,591,278
Cash and Cash Equivalents in Segregated Accounts	2,336,703
Cash and Cash Equivalents with Fiscal Agent	9,065,359
Receivables:	
Due from Other Governments	2,141,844
Property Taxes	438,741,070
Special Assessments	32,905,304
Total Assets	<u>500,781,558</u>
LIABILITIES	
Due to Other Governments	17,247,911
Total Liabilities	<u>17,247,911</u>
DEFERRED INFLOWS OF RESOURCES	
Special Assessments	26,778,883
Property Taxes	436,546,925
Total Deferred Inflows of Resources	<u>463,325,808</u>
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	20,207,839
Total Net Position	<u>\$ 20,207,839</u>

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, 2025

	<u>Custodial</u>
ADDITIONS	
Intergovernmental	\$ 25,641,826
Amounts Received as Fiscal Agent	13,962,525
Special Assessment Collections for Other Governments	10,507,615
Property Tax Collections for Other Governments	508,659,287
Licenses, Permits, & Fees Distributions for Other Governments	1,033,047
Fines and Forfeitures for Other Governments	1,635,528
Total Additions	<u>561,439,828</u>
DEDUCTIONS	
Distributions to the State of Ohio	2,767,694
Distributions of State Funds to Other Governments	16,161,272
Property Tax Collections to Other Governments	507,296,272
Special Assessment Collections to Other Governments	7,844,722
Distributions as Fiscal Agent	22,590,470
Total Deductions	<u>556,660,430</u>
Net Increase in Fiduciary Net Position	4,779,398
Net Position - Beginning of Year	15,428,441
Net Position - End of Year	<u><u>\$ 20,207,839</u></u>

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE A – DESCRIPTION OF LAKE COUNTY

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

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

REPORTING ENTITY

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

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

Discretely Presented Component Units

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE A – DESCRIPTION OF LAKE COUNTY (CONTINUED)

REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (Continued)

DEEPWOOD INDUSTRIES, INC. (The Employment Program)

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

LAKE DEVELOPMENT AUTHORITY (the Development Authority)

The Lake Development Authority was established by the Board of the Lake County Commissioners in 2007 as a body corporate and politic for the purpose of promoting projects that will provide for the creation of jobs and employment opportunities and improve the economic welfare of the people residing in Lake County, as well as to encourage projects to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research within the territory served by the Development Authority. The Development Authority is governed by a seven-member Board of Directors, each of whom is appointed by the Board of County Commissioners. The Board of County Commissioners can remove any appointed member of the Board of Directors and can also dissolve the Development Authority upon adoption of a resolution. As a result, the Development Authority is reflected as a component unit of Lake County. Separately issued financial statements can be obtained from the Lake County Ohio Development Authority, 105 Main Street, Suite B501, 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, 2025

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, 2025

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.

Jointly Governed Organizations

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

NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM FACILITY (NEOCAP)

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

NORTHEAST OHIO NETWORK (NEON)

NEON is a council of governments formed to provide a regional effort in administering, managing, and operating programs for certain individuals with developmental disabilities. Participating counties include Geauga, Ashland, Ashtabula, Cuyahoga, Columbiana, Lorain, Lake, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull and Wayne Counties. NEON's operation is controlled by their Board, which is comprised of the superintendents of the Board of Developmental Disabilities of each participating county. NEON adopts its own budget, authorizes expenditures and hires and fires its own staff. During 2025, NEON received sufficient revenues from State grant monies and no additional funds were needed from Lake County. Financial statements can be obtained from North East Ohio Network at 5121 Mahoning Ave, Suite 103, Austintown, OH 44515.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 2025, the County did not contribute to NOACA. Financial statements can be obtained from Northeast Ohio Areawide Coordinating Agency at 1299 Superior Avenue, Cleveland, OH 44114.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

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

Governmental Funds

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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.

Public Safety Capital Projects: The public safety capital projects fund accounts for the resources for the acquisition, construction, or improvement of the public safety center for the entity.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (CONTINUED)

Proprietary Funds (Continued)

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.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and fiduciary 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. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

The Employment Program 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Employment Program and the Development Authority also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end. Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources include pension and OPEB reported in the government-wide statement of net position.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

The deferred outflows of resources related to pension and OPEB are explained in Notes J and K. In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2025, but which were levied to finance 2026 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). 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 Employment Program and the Development Authority each allocates their expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on estimates established by each entity.

BUDGETARY PROCESS

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolutions, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County may appropriate.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS (CONTINUED)

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 2025. 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. 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 2025.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS (CONTINUED)

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.

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

POOLED CASH AND CASH EQUIVALENTS

The County Treasurer invests all active County funds. Active County funds are invested in federal agency obligations, treasury and corporate notes, 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 2025 totaled \$26,939,317, which includes \$24,460,900 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.

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 2025, 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 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.

INTERFUND BALANCES

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

CAPITAL ASSETS

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

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

All capital assets are depreciated or amortized except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County’s historical records of necessary improvements and replacement.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Depreciation is computed using the straight-line method over the following useful lives:

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

The County is reporting an intangible right to use asset related to leased buildings and subscription-based information technology arrangements (SBITAs). This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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 recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability is incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The County's policy permits employees to accumulate earned but unused benefits, which are eligible for payments at the employee's current pay rate upon separation from employment.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES (CONTINUED)

Sick - The County's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the County and, upon separation from service, no monetary obligation exists. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the County's termination policy.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

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

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, 2025 is \$11,042,400.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 receipted 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE C – CHANGE IN ACCOUNTING PRINCIPLES AND CHANGE IN FINANCIAL REPORTING ENTITY

Change in Accounting Principles

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

GASB Statement No. 102, Certain Risk Disclosures This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

Change in Financial Reporting Entity

For 2025, the American Rescue Plan Act (ARPA) special revenue fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. The ARPA fund did not have an ending fund balance in the prior year.

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LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE D – BUDGETARY BASIS OF ACCOUNTING

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Advances in and out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- (d) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than part of restricted, committed and assigned fund balances (GAAP basis) for governmental funds.
- (e) *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).
- (f) *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
GAAP Basis	\$ 7,836,714	\$ (3,255,608)	\$ 797,472
Net Adjustment for Revenue Accruals	(13,642,698)	(285,126)	(249,786)
Beginning Fair Value Adjustment	1,224,979	-	-
Ending Fair Value Adjustment	3,684,310	-	-
Beginning Custodial Fund Adjustment	(9,230,810)	-	-
Ending Custodial Fund Adjustment	10,285,901	-	-
Net Adjustment for Expenditure Accruals	1,888,406	1,208,959	(240,092)
Adjustment for Funds Budgeted as Special Revenue	(277,654)	-	-
Adjustment for Encumbrances	(4,529,317)	(507,867)	(1,590,435)
Budget Basis	<u>\$ (2,760,169)</u>	<u>\$ (2,839,642)</u>	<u>\$ (1,282,841)</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025

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, 2025, the carrying amount of the County's deposits was \$99,898,270. Based on the criteria described in GASB 40, "Deposits and Investment Risk Disclosures", as of December 31, 2025, \$97,702,394 of the County's bank balance of \$98,702,394 was exposed to custodial risk as discussed below, while \$1,000,000 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, 2025

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 2025, 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, 2025, the County had \$181,550,899 invested in STAR Ohio. The County's investments are valued using quoted market prices (level 2 inputs). Investments are reported at fair value. As of December 31, 2025, 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	
Corporate Bond	\$ 4,278,741	\$ 5,113,267	\$ 27,123,051	\$ 36,515,059
U.S. Treasury	4,079,518	21,763,800	72,879,456	98,722,774
U.S. Agency	9,741,749	11,923,530	42,427,785	64,093,064
Negotiable Certificate of Deposit	-	-	733,675	733,675
Commercial Paper	39,352,901	27,837,361	-	67,190,262
Municipal & Ohio Entities	-	1,368,140	801,044	2,169,184
STAROhio	181,550,899	-	-	181,550,899
Total Portfolio	<u>\$ 239,003,808</u>	<u>\$ 68,006,098</u>	<u>\$ 143,965,011</u>	<u>\$ 450,974,917</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 U.S. Agencies and U.S. Treasuries carry a rating of AA+ by Standard & Poor's, Municipal Bonds carrying a rating of AAA, Corporate bonds carry a rating of A+, AA, AA-, and A, Commercial Paper carry a rating of A-1 and A-1+, 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 Corporate Bonds, U.S. Treasuries and Agencies, Commercial Paper and Municipal Bonds 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. The County's investment in negotiable certificates of deposit was fully insured by Federal depository insurance.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Corporate Bond	\$ 36,515,059	8.10%
U.S. Treasury	98,722,774	21.89%
U.S. Agency	64,093,063	14.21%
Negotiable Certificate of Deposit	733,675	0.16%
Commercial Paper	67,190,262	14.90%
Municipal & Ohio Entities	2,169,184	0.48%
STAROhio	181,550,899	40.26%
Total Investments	<u>\$ 450,974,916</u>	<u>100.0%</u>

COMPONENT UNITS

At December 31, 2025, the carrying amount of Deepwood Industries, Inc. Employment Program's deposits was \$1,093,194. Based on the criteria described in GASB Statement No. 40 "Deposits and Investments Risk Disclosures", as of December 31, 2025, none of the Employment Program's bank balance of \$170,516 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, 2025, the carrying amount of all Development Authority deposits was \$2,261,525 and the bank balance of all Authority deposits was \$2,340,750. \$500,000 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and \$1,840,750 was potentially exposed to custodial credit risk as discussed below.

As of December 31, 2025, the Development Authority had \$1,681,156 invested in STAR Ohio. The Development Authority's investments are valued using quoted market prices (level 1 inputs).

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE F – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2025, was as follows:

	Balance 01/01/2025	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
<i>Capital Assets Not Being Depreciated/Amortized:</i>				
Land	\$ 5,554,011	\$ -	\$ -	\$ 5,554,011
Construction in Progress	13,448,697	42,668,792	(5,208,556)	50,908,933
<i>Total Capital Assets Not Being Depreciated/Amortized</i>	<u>19,002,708</u>	<u>42,668,792</u>	<u>(5,208,556)</u>	<u>56,462,944</u>
<i>Capital Assets, Being Depreciated/Amortized:</i>				
Land Improvements	3,091,416	1,755,446	-	4,846,862
Buildings & Other Structures	190,787,580	10,527,906	(256,083)	201,059,403
Intangible Right-to-use Lease - Buildings	4,846,789	253,196	(25,974)	5,074,011
Intangible Right-to-use Subscription	3,012,779	-	-	3,012,779
Furniture, Fixtures & Equipment	52,957,478	5,103,115	(1,885,690)	56,174,903
Infrastructure	219,858,337	-	-	219,858,337
<i>Total Capital Assets, Being Depreciated/Amortized</i>	<u>474,554,379</u>	<u>17,639,663</u>	<u>(2,167,747)</u>	<u>490,026,295</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(649,519)	(39,831)	-	(689,350)
Buildings & Other Structures	(68,900,398)	(3,816,773)	256,083	(72,461,088)
Intangible Right-to-use Lease - Buildings	(1,664,991)	(627,907)	25,974	(2,266,924)
Intangible Right-to-use Subscription	(858,245)	(507,911)	-	(1,366,156)
Furniture, Fixtures & Equipment	(35,544,747)	(3,315,918)	1,885,690	(36,974,975)
Infrastructure	(87,982,586)	(6,987,118)	-	(94,969,704)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(195,600,486)</u>	<u>(15,295,458) *</u>	<u>2,167,747</u>	<u>(208,728,197)</u>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<u>278,953,893</u>	<u>2,344,205</u>	<u>-</u>	<u>281,298,098</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 297,956,601</u>	<u>\$ 45,012,997</u>	<u>\$ (5,208,556)</u>	<u>\$ 337,761,042</u>

* Depreciation/Amortization expense was charged to governmental functions as follows:

General Government	\$ 2,193,927
Judicial and Public Safety	3,275,608
Public Works	8,244,035
Human Services	1,428,882
Health	153,006
Total	<u>\$ 15,295,458</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE F – CAPITAL ASSETS (CONTINUED)

Business-type capital asset activity for the year ended December 31, 2025, was as follows:

	Balance 01/01/2025	Additions	Reductions	Balance 12/31/2025
Business-Type Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 3,709,686	\$ -	\$ -	\$ 3,709,686
Construction in Progress	37,359,092	15,311,312	(17,685,993)	34,984,411
<i>Total Capital Assets Not Being Depreciated</i>	41,068,778	15,311,312	(17,685,993)	38,694,097
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,671,765	-	-	1,671,765
Utility Plant in Service	501,850,518	22,352,089	(52,290)	524,150,317
Furniture, Fixtures and Equipment	11,087,109	646,685	(629,542)	11,104,252
<i>Total Capital Assets, Being Depreciated</i>	514,609,392	22,998,774	(681,832)	536,926,334
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(466,308)	(6,916)	-	(473,224)
Utility Plant in Service	(302,191,321)	(10,887,012)	52,290	(313,026,043)
Furniture, Fixtures and Equipment	(8,910,597)	(590,790)	629,542	(8,871,845)
<i>Total Accumulated Depreciation</i>	(311,568,226)	(11,484,718)	681,832	(322,371,112)
<i>Total Capital Assets Being Depreciated, Net</i>	203,041,166	11,514,056	-	214,555,222
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 244,109,944</u>	<u>\$ 26,825,368</u>	<u>\$ (17,685,993)</u>	<u>\$ 253,249,319</u>

NOTE G – INTERFUND TRANSACTIONS

Due to/from other funds and interfund payables and receivables balances at December 31, 2025, 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.

	Due From	Due To
Governmental Funds:		
General Fund	\$273,040	\$40,694
Developmental Disabilities Board	2,254	-
ADAMHS	996	-
Other Nonmajor Governmental Funds	180,391	388,778
<i>Total Governmental Funds</i>	456,681	429,472
Proprietary Funds:		
Water	23,054	5,145
Wastewater	4,169	-
Solid Waste	2,687	57
Internal Service Funds	148	52,065
<i>Total Proprietary Funds</i>	30,058	57,267
Total	<u>\$486,739</u>	<u>\$486,739</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT

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

	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Original Interest Rate</u>	<u>Original Issue Amount</u>
<i>Governmental Activities:</i>				
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
County Correctional Facilities Bonds	2024	2052	5.00%-5.25%	65,000,000
Special Assessment Bonds:				
Mount Royal, Spring Lake, Spring Lake Loop 241W, 246W, 265W	2005	2025	3.50% - 5.00%	670,000
Route 20 East of Lane, Perry Village, Ashview, Meadow Wood, Perry Park Road 244S, 258S, 274S, 262W, 300W	2009	2029	2.00% - 5.25%	1,857,000
Maple Street 291S	2009	2029	2.00% - 5.25%	540,000
Kirtland Sanitary Sewer	2013	2042	2.00% - 3.75%	3,538,451
OPWC Loans:				
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
CG14R - Vrooman Road Bridge Improvements	2023	2043	0.00%	1,500,000

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

	<u>Date</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>
<i>Business-Type Activities:</i>				
General Obligation Bonds:				
Kirtland Sanitary Sewer 284S	2012	2042	2.00% - 3.75%	\$ 1,896,549
Kirtland Sanitary Sewer 284S	2025	2045	5.00%	475,000
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
Red Creek Sanitary Sewer Improvements	2024	2054	0.00%	389,709
Madison Wastewater Treatment Plant	2024	2054	0.00%	3,768,857
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
CG28W - Erie Street & Waterline Replacement	2020	2040	0.00%	150,000
CG39S - Maplegrove and Rockefeller Waterline	2021	2041	0.00%	80,790
CG34V - Mantle Road Waterline	2022	2042	0.00%	150,000
CG50Y - Lakeshore Truck Sewer	2022	2042	0.00%	167,000
CG05Z - Trunk Sewer Rehabilitation Phase II	2024	2044	0.00%	150,000
CG40Y - Bellflower Area Sanitary Sewer Improvement	2023	2043	0.00%	150,000
CG63AB - Vine Street Waterline Replacement Phase III	2024	2045	0.00%	450,000

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

Changes in long-term obligations during the year ended December 31, 2025 consist of the following:

	Balance 12/31/24	Additions	Deductions	Balance 12/31/25	Due in One Year
<i>Governmental Activities:</i>					
<i>General Obligation Bonds:</i>					
County Building Improvement & Refunding-2013	\$ 1,150,000	\$ -	\$ (1,150,000)	\$ -	\$ -
Dog Shelter Renovation Refunding	708,000	-	(84,000)	624,000	86,000
County Correctional Facilities Bond	65,000,000	-	(570,000)	64,430,000	1,200,000
<i>Total General Obligation Bonds- Unvoted</i>	66,858,000	-	(1,804,000)	65,054,000	1,286,000
<i>Special Assessment Bonds:</i>					
Mount Royal, Spring Lake, Spring Lake Loop	50,000	-	(50,000)	-	-
Route 20 East of Lane, Perry Village, Ashview, Meadow Wood, Perry Park	515,000	-	(120,000)	395,000	125,000
Maple Street	185,000	-	(35,000)	150,000	35,000
Kirtland Sanitary Sewer	2,535,836	-	(104,168)	2,431,668	107,423
<i>Total Special Assessment Bonds:</i>	3,285,836	-	(309,168)	2,976,668	267,423
<i>Other Long-Term Obligations:</i>					
OPWC-River Road Safety Improvement	147,000	-	(29,400)	117,600	29,400
OPWC-Blasé Nemeth Widening	1,944	-	(1,944)	-	-
OPWC-Vrooman Road-State Route 86	21,878	-	(2,733)	19,145	5,470
OPWC-Auburn and Hardy Roads	6,346	-	(793)	5,553	793
OPWC-Hoose Road/Andrea Bridge Improvements	60,000	-	(15,000)	45,000	15,000
OPWC-Vrooman Road Bridge Improvements	1,387,500	-	(75,000)	1,312,500	75,000
Unamortized Premium on Debt Issues	4,588,123	-	(231,464)	4,356,659	-
Leases	3,227,988	253,196	(620,580)	2,860,604	612,236
Subscriptions Payable	1,997,067	-	(491,697)	1,505,370	490,297
Compensated Absences	12,011,803	-	(82,536)	11,879,150	835,888
<i>Total Other Long-Term Obligations</i>	23,449,649	253,196	(1,551,147)	22,101,581	2,064,084
<i>Total Before Net Pension & OPEB Liabilities</i>	93,593,485	253,196	(3,664,315)	90,132,249	3,617,507
<i>Net Pension Liability:</i>					
OPERS	125,843,514	-	(7,660,177)	118,183,337	-
STRS	1,066,977	-	(15,781)	1,051,196	-
<i>Total Net Pension Liability</i>	126,910,491	-	(7,675,958)	119,234,533	-
<i>Total Governmental Long-Term Obligations</i>	\$ 220,503,976	\$ 253,196	\$ (11,340,273)	\$ 209,366,782	\$ 3,617,507

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

	Balance 12/31/24	Additions	Deductions	Balance 12/31/25	Due in One Year
Business-Type Activities:					
<i>Self Supporting General Obligation Bonds Payable from Enterprise Funds</i>					
<u><i>G.O. Bonds Payable from Wastewater Revenues</i></u>					
Kirtland Sanitary Sewer 284S	\$ 1,359,164	\$ -	\$ (55,832)	\$ 1,303,332	\$ 57,577
Kirtland Sanitary Sewer 284S	-	475,000	-	475,000	10,000
Unamortized Bond Premium	-	27,530	(459)	27,071	-
<i>Total G.O. Bonds Payable from Wastewater</i>	<u>1,359,164</u>	<u>502,530</u>	<u>(56,291)</u>	<u>1,805,403</u>	<u>67,577</u>
<u><i>OWDA Loan Payable from Wastewater Revenues</i></u>					
Madison Township WWTP Expansion	9,786,150	-	(558,041)	9,228,109	573,436
Red Creek Sanitary Improvements	339,709	3,769,673	(114,126)	3,995,256	228,250
Arcola Creek/Bennet Road Sanitary Sewer Improvements	3,768,857	276,339	(79,867)	3,965,329	159,734
<i>Total OWDA Loan Payable from Wastewater</i>	<u>13,894,716</u>	<u>4,046,012</u>	<u>(752,034)</u>	<u>17,188,694</u>	<u>961,420</u>
<u><i>OWDA Loans Payable from Water Revenues</i></u>					
Aquarius Water Treatment Plant	394,096	-	(28,150)	365,946	28,150
<i>Total OWDA Loans Payable</i>	<u>14,288,812</u>	<u>4,046,012</u>	<u>(780,184)</u>	<u>17,554,640</u>	<u>989,570</u>
<i>Other Long-Term Liabilities:</i>					
<u><i>Payable from Wastewater</i></u>					
City of Willoughby Hills	954	-	(954)	-	-
OPWC - Mentor Headlands San Sewer Replacement	35,664	-	(7,134)	28,530	7,134
OPWC - Dundee Glasgow & Kelso Sewer	4,762	-	(280)	4,482	280
OPWC - Bellflower Area Outlet Sewer Replace	21,250	-	(2,500)	18,750	2,500
OPWC - Glyco Forcemain Replacement	28,750	-	(2,500)	26,250	2,500
OPWC - Cedar Park Woodland Sewer Phase II	149,981	-	(12,498)	137,483	12,498
OPWC - Mentor Marsh Sanitary Interceptor Replace.	35,000	-	(2,500)	32,500	2,500
OPWC - Deerfield Relief Sewer	112,500	-	(7,500)	105,000	7,500
OPWC - Prouty & Glyco Rehab	112,500	-	(7,500)	105,000	7,500
OPWC - Lakeshore Trunk Sewer	88,014	-	(7,135)	80,879	4,757
OPWC - Trunk Sewer Rehabilitation Phase II	129,186	-	(9,936)	119,250	6,624
OPWC - Bellflower Area Sanitary Sewer Improvement	90,120	-	(6,759)	83,361	4,506
<i>Total Other Long-Term Payable from Wastewater</i>	<u>808,681</u>	<u>-</u>	<u>(67,196)</u>	<u>741,485</u>	<u>58,299</u>
<u><i>Payable from Water</i></u>					
OPWC - Hubbard Road Waterline	19,820	-	(2,477)	17,343	2,477
OPWC - Lakeshore Boulevard Waterline	135,125	-	(11,750)	123,375	11,750
OPWC - Johnny Cake Ridge Road Waterline	61,488	-	(4,919)	56,569	4,919
OPWC - Nan Linn Road Waterline Project	77,011	-	(5,923)	71,088	5,923
OPWC - Strawberry Lane Waterline Replacement	26,054	-	(1,860)	24,194	1,860
OPWC - Erie Street Waterline & Pavement Replacement	116,250	-	(7,500)	108,750	7,500
OPWC - Maplegrove and Rockefeller Waterline	-	80,790	(20,198)	60,592	4,040
OPWC - Mantle Road Waterline	131,250	-	(7,500)	123,750	7,500
OPWC - Vine Street Waterline Replacement	369,361	80,639	(22,500)	427,500	22,500
<i>Total Other Long-Term Payable from Water</i>	<u>936,359</u>	<u>161,429</u>	<u>(84,627)</u>	<u>1,013,161</u>	<u>68,469</u>
<i>Total Other Long-Term Obligations</i>	<u>1,745,040</u>	<u>161,429</u>	<u>(151,823)</u>	<u>1,754,646</u>	<u>126,768</u>
<i>Total G.O. Bonds, OWDA and OPWC Loans</i>	<u>17,393,016</u>	<u>4,709,971</u>	<u>(988,298)</u>	<u>21,114,689</u>	<u>1,183,915</u>
Notes Payable***	9,156,097	5,619,000	(11,425,097)	3,350,000	3,350,000
Landfill Closure and Postclosure Costs	19,562,498	-	(1,466,998)	18,095,500	-
Compensated Absences	2,207,308	137,389	-	2,344,697	175,241
<i>Total Before Net Pension Liability</i>	<u>48,318,919</u>	<u>10,466,360</u>	<u>(13,880,393)</u>	<u>44,904,886</u>	<u>4,709,156</u>
Net Pension Liability	19,738,414	-	(1,238,312)	18,500,102	-
<i>Total Business-Type Long-Term Obligations</i>	<u>\$ 68,057,333</u>	<u>\$ 10,466,360</u>	<u>\$ (15,118,705)</u>	<u>\$ 63,404,988</u>	<u>\$ 4,709,156</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, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2025 are as follows:

Governmental Activities

Year	General Obligation Bonds		Special Assessment Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,286,000	\$ 3,226,921	\$ 267,423	\$ 113,787	\$ 125,663	\$ -
2027	1,349,000	3,165,519	275,678	102,075	\$125,663	-
2028	1,386,000	3,126,269	293,934	89,863	\$125,663	-
2029	1,453,000	3,059,867	160,444	76,775	\$107,928	-
2030	1,520,000	2,991,082	123,699	70,460	\$75,793	-
2031-2035	8,490,000	13,785,032	683,602	285,842	\$376,586	-
2036-2040	10,600,000	11,486,000	807,301	159,882	\$375,000	-
2041-2045	13,530,000	8,557,500	364,587	20,630	\$187,502	-
2046-2050	17,260,000	4,820,000	-	-	-	-
2051-2052	8,180,000	649,688	-	-	-	-
Total	<u>\$ 65,054,000</u>	<u>\$ 54,867,878</u>	<u>\$ 2,976,668</u>	<u>\$ 919,314</u>	<u>\$ 1,499,798</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
2026	\$ 67,577	\$ 74,879	\$ 601,586	\$ 248,949	\$ 126,762	\$ -
2027	74,322	67,488	617,405	233,129	126,772	-
2028	76,066	64,662	633,661	216,873	126,772	-
2029	79,556	61,775	650,366	200,168	126,772	-
2030	86,301	57,865	667,532	183,003	119,638	-
2031-2035	471,397	243,206	3,612,180	640,491	584,506	-
2036-2040	562,700	146,944	2,811,326	151,466	394,343	-
2041-2044	360,413	36,467	-	-	149,072	-
Total	<u>\$ 1,778,332</u>	<u>\$ 753,286</u>	<u>\$ 9,594,056</u>	<u>\$ 1,874,079</u>	<u>\$ 1,754,637</u>	<u>\$ -</u>

OWDA loans - Red Creek Sanitary Improvements and Arcola Creek/Bennet Road Sanitary Sewer Improvements projects are not complete and therefore loan amortization is not available as of December 31, 2025 and not included in the above schedules.

As of December 31, 2025, the County had five active leases. The leases have payments that range from \$4,133 to \$440,004 and interest rates that range from 0.238 percent to 1.161 percent. As of December 31, 2025, the total combined value of the lease liability is \$2,860,601. The combined value of the right to use asset, as of December 31, 2025 of \$5,074,012 with accumulated amortization of \$2,266,923.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

The following is a schedule of the future lease payments:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	\$ 612,236	\$ 28,893	\$ 641,129
2027	529,797	22,818	552,615
2028	522,721	16,890	539,611
2029	482,426	11,255	493,681
2030	474,235	5,765	480,000
2031	239,189	811	240,000
	<u>\$ 2,860,604</u>	<u>\$ 86,432</u>	<u>\$ 2,947,036</u>

On April 19, 2023, the County entered into a 72-month subscription for the use of Dell - Enterprise Office365 License Subscription. The County is required to make annual fixed payments of \$525,312. The subscription has an interest rate of 2.3 percent. The County has one extension option each for 36 months.

On October 1, 2023, the County entered into a 36-month subscription for the use of Debtbook. The County is required to make annual fixed payments of \$11,000. The subscription has an interest rate of 3.631 percent.

An initial total subscription liability was recorded in the amount of \$3,012,779. As of December 31, 2025, the value of the subscription liability is \$1,505,370. The value of the right to use assets as of December 31, 2025 are \$3,012,779 with accumulated amortization of \$1,366,156.

The following is a schedule of the future payments:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	\$ 490,297	\$ 35,015	\$ 525,312
2027	501,701	23,611	525,312
2028	513,372	11,941	525,313
	<u>\$ 1,505,370</u>	<u>\$ 70,567</u>	<u>\$ 1,575,937</u>

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

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, 2025, the defeased bonds have been fully paid. 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. 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. These bonds have been called for final redemption.

In 2024, the County issued \$65,000,000 in County Correctional Facilities Bond with an interest rate of 5.00 – 5.25 percent with a final maturity of December 2052. The bond proceeds are for and will be repaid from the General fund.

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.

Other long-term obligations are interest-free loans from the Ohio Public Works Commission. Governmental activities for road repairs and Business-type activities, are for wastewater system improvements and for water system improvements.

For compensated absences, 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE H – LONG-TERM DEBT (CONTINUED)

The County has pledged future wastewater revenues to repay OWDA loans and OPWC loans. All of the debt is solely payable from net revenues and are payable through 2041. The total principal remaining to be paid on the wastewater debt is \$17,930,179. Principal and interest paid for the year for the wastewater debt was \$1,077,006, total net revenues were \$4,115,773 and total revenues were \$23,488,472.

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 \$1,379,108. Principal paid for the year for the water debt was \$112,776, total net revenues were \$7,126,208 and total revenues were \$28,940,133.

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, 2025, the County had an unvoted debt margin of \$93.3 million and a direct debt margin of \$227.4 million.

NOTE I – NOTES PAYABLE

A summary of the short-term governmental note transactions for the year ended December 31, 2025 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2025	PRINCIPAL ISSUED IN 2025	PRINCIPAL RETIRED IN 2025	BALANCE DEC. 31, 2025
<i>Governmental Activities:</i>							
2024	Road Improvements	2025	3.75%	\$ 7,750,000	\$ -	\$ (7,750,000)	\$ -
2024	County Correctional Facilities	2025	4.00%	50,000,000	-	(50,000,000)	-
2024	Premium on Note Issuances	n/a	n/a	328,879	-	(328,879)	-
2025	Road Improvements	2026	3.75%	-	7,000,000	-	7,000,000
2025	County Correctional Facilities	2026	3.75%	-	25,000,000	-	25,000,000
2025	Premium on Note Issuances	n/a	n/a	-	358,400	(89,600)	268,800
Total Notes Payable from Governmental-type Activities				\$ 58,078,879	\$ 32,358,400	\$ (58,168,479)	\$ 32,268,800

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE I – NOTES PAYABLE (CONTINUED)

The notes payable (Bond Anticipation Notes) from governmental funds were used to fund the administration building project and motor vehicle purchase. These notes proceeds were accounted for in Public Safety Capital projects fund and nonmajor governmental funds.

A summary of business-type note transactions for the year ended December 31, 2025 follows:

YEAR ISSUED	PURPOSE/ DESCRIPTION	FINAL MATURITY	INTEREST RATE	BALANCE JAN. 1, 2025	PRINCIPAL ISSUED IN 2025	PRINCIPAL RETIRED IN 2025	BALANCE DEC. 31, 2025
<i>Business-Type Activities:</i>							
<u>NOTES PAYABLE FROM ENTERPRISE FUNDS:</u>							
<u>Payable From Water Fund:</u>							
2024	Water District Improvement - 383W	2025	4.375%	\$ 3,000,000	\$ -	\$ (3,000,000)	\$ -
2025	Water District Improvement - 451W	2026	4.125%	-	1,000,000	-	1,000,000
2024	Premium on Note Issuance	n/a	n/a	6,120	-	(6,120)	-
Total Notes Payable From Water Fund				3,006,120	1,000,000	(3,006,120)	1,000,000
<u>Payable From Wastewater Fund:</u>							
2024	Sewer District Improvement - 336S	2025	4.375%	840,000	-	(840,000)	-
2024	Sewer District Improvement - 408S	2025	4.375%	1,125,000	-	(1,125,000)	-
2024	Sewer District Improvement - 415S	2025	4.75%	2,175,000	-	(2,175,000)	-
2024	Sewer District Improvement - 382S	2025	4.375%	2,000,000	-	(2,000,000)	-
2025	Sewer District Improvement - 336S	2026	4.375%	-	750,000	-	750,000
2025	Sewer District Improvement - 461S	2026	4.75%	-	1,600,000	-	1,600,000
2025	Sewer District Improvement - 445S	2025	4.375%	-	2,269,000	(2,269,000)	-
2024	Premium on Note Issuance	n/a	n/a	9,977	-	(9,977)	-
Total Notes Payable From Wastewater Fund				6,149,977	4,619,000	(8,418,977)	2,350,000
TOTAL NOTES PAYABLE FROM ENTERPRISE FUNDS				\$ 9,156,097	\$ 5,619,000	\$ (11,425,097)	\$ 3,350,000

The notes payable (Bond Anticipation Notes) 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS

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, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (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 employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers two separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan, and the member-directed plan is a defined contribution plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The traditional pension plan also includes members of the legacy combined plan, a hybrid defined benefit/defined contribution plan referred to as the combined plan division of the traditional pension plan throughout this disclosure. Prior to January 1, 2024, the combined plan was a separate pension plan. Effective January 1, 2022, the combined plan was no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the combined plan into the traditional pension plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, and is tracked as a separate division within the traditional pension plan. No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. Throughout this disclosure, references to the traditional pension plan are inclusive of the combined plan division, unless otherwise noted.

Members of the combined plan division earn a formula benefit similar to, but at a factor less than, the traditional pension plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, combined plan division member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment gains or losses on those contributions. Members in this division may also elect to annuitize their defined contribution account balances.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional pension plan state and local members (excluding the combined plan division) who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan division members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

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.

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan division members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan division consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan division 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 members' 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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

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

	Traditional Pension Plan State and Local Divisions	
	Excluding Combined Plan Division	Combined Plan Division
2025 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2025 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

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

** These pension and employer health care rates are for the traditional plan. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contributions was \$14,029,885 for fiscal year ending December 31, 2025.

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective June 1, 2025, through May 1, 2030, any member can retire with unreduced benefits with 32 years of services credit at any age; or five years of service credit and age 60. Effective June 1, 2030, through May 1, 2031, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 60. Effective on or after June 1, 2032, any member can retire with unreduced benefits with 34 years of service credit at any age; or give years of service credit and age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The County's contractually required contribution to STRS was \$116,958 for 2025.

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

The net pension liability for OPERS was measured as of December 31, 2025, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. STRS's total net pension liability was measured as of June 30, 2025, 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Following is information related to the proportionate share and pension expense:

	OPERS Former Traditional Plan	OPERS Legacy Combined Plan	OPERS Consolidated Traditional Pension Plan	STRS	Total
Proportion of the Net Pension Liability/Asset:					
Prior Measurement Date	0.55607200%	0.60216900%	0.55712112%	0.00554515%	
Current Measurement Date	N/A	N/A	0.55753800% *	0.00578058%	
Change in Proportionate Share	N/A	N/A	<u>-0.00041688%</u>	<u>-0.00023543%</u>	
Proportionate Share of the:					
Net Pension Liability			\$136,683,439	\$1,051,196	\$137,734,635
Pension Expense			\$17,674,187	\$96,040	\$17,770,227

*Effective January 1, 2024, the combined plan was consolidated with the traditional plan. The proportionate share percentage for the prior period for the consolidated traditional plan reflects an estimate based on the County's share of contributions to the pension plan relative to the contributions of all participating entities for both the former traditional plan and the legacy combined plan.

At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	STRS	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 16,124,504	\$ -	\$ 16,124,504
Differences between expected and actual experience	2,615,230	104,085	2,719,315
Changes in proportion and differences between County contributions and proportionate share of contributions	482,775	22,129	504,904
County contributions subsequent to the measurement date	<u>14,029,885</u>	<u>116,958</u>	<u>14,146,843</u>
Total Deferred Outflows of Resources	<u>\$ 33,252,394</u>	<u>\$ 243,172</u>	<u>\$ 33,495,566</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 145,679	\$ 145,679
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>1,247,427</u>	<u>41,584</u>	<u>1,289,011</u>
Total Deferred Inflows of Resources	<u>\$ 1,247,427</u>	<u>\$ 187,263</u>	<u>\$ 1,434,690</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

\$14,146,843 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 or increase to the net pension asset in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	STRS	Total
Year Ending December 31:			
2026	\$ 8,585,815	\$ 74,319	\$ 8,660,134
2027	17,636,471	(56,003)	17,580,468
2028	(6,221,250)	(41,941)	(6,263,191)
2029	(2,025,954)	(37,424)	(2,063,378)
Total	<u>\$ 17,975,082</u>	<u>\$ (61,049)</u>	<u>\$ 17,914,033</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. 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, 2024, 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:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.9 percent, simple for calendar year 2025 then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

For the prior year, the actuarial assumptions for the Combined Legacy Plan included future salary increases (including inflation) of 2.75 percent to 8.25 percent, including wage inflation.

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a 8.8 percent for 2024.

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.42%
Domestic Equities	21.00	5.70
Real Estate	13.00	4.17
Private Equity	15.00	8.40
International Equities	20.00	6.10
Risk Parity	2.00	4.40
Other investments	5.00	2.54
Total	100.00%	

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan. 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 for the traditional pension plan, combined plan and member-directed plan 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/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
County's proportionate share of the net pension liability	\$ 223,606,190	\$ 136,683,439	\$ 64,451,393

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the July 1, 2025 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE J – DEFINED BENEFIT PENSION PLANS (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 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, 2025. 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, 2025. 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, 2025.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 1,753,868	\$ 1,051,196	\$ 456,998

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Plan Description—Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers two separate pension plans: the traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan and the member-directed plan is a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to fund health care for the Traditional Pension and Member-Directed plans. 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.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date on or prior to December 1, 2014, with at least 10 years of qualifying health care service credit will continue to be eligible for the OPERS health care program. Members with a retirement date after December 1, 2014, but prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit	Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit	Age and Service Requirements <i>December 1, 2014 or Prior</i> Any Age with 10 years of service credit
<i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 60 with 20 years of service credit or Any Age with 30 years of service credit	<i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	<i>January 1, 2015 through</i> <i>December 31, 2021</i> Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Beginning January 1, 2014, qualifying contributing service credit for health care will be accumulated only if the member's eligible salary is at least \$1,000 per month. Partial health care credit will not be granted for months in which eligible salary is less than \$1,000. Credit earned prior to January 2014 will not be affected by this requirement.

Recipients of disability benefits prior to January 1, 2014, have continued access to the health care program while the disability benefit continues and will not be subject to the five-year rule described below.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

The allowance will be determined in the same manner as an age-and-service retiree. If the recipient does not meet minimum age-and-service requirements, the minimum allowance will be used. Recipients with an initial disability effective date on or after January 1, 2014, will have coverage during the first five years of disability benefits. After five years, the recipient must meet minimum age-and-service health care eligibility requirements or be enrolled in Medicare (due to disability status) to remain enrolled in the OPERS health care program. If enrolled, the allowance will be determined in the same way as an age-and-service retiree.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances are determined using a percentage based on years of service and the age when the individual is first eligible for the HRA, multiplied by the base allowance as determined by the Board.

The base allowance was \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees throughout 2024. The base allowance for Medicare retirees increased to \$400 per month in January 2025. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan. While Medicare eligible retirees must use the Connector to select a vendor to be eligible to receive an HRA, non-Medicare eligible retirees may use the Connector or another vendor and still be eligible to receive an HRA.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

Participants in the Member-Directed Plan have a portion of the employer contribution credited to an individual retiree medical account. Interest accrues based on the investment performance of the stable value fund, not to exceed 4 percent. Members with an account prior to July 1, 2015, become vested in the account at a rate of 20 percent for each year of participation until the member is fully vested at the end of five years. Members establishing accounts on or after July 1, 2015, vest over 15 years at a rate of 10 percent each year starting with the sixth year of participation.

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 OPERS 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 pension plan (except for the combined division).

Employer contribution rates are expressed as a percentage of earnable salary of active members. In 2025, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2025, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan (excluding the Combined Plan Division). Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan Division which has continued through 2025. 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 2025 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2025.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$178,354 for 2025.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

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, 2025, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2025, 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 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	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.549151%	0.00554515%	0.55469615%
Proportion of the Net OPEB Asset			
Current Measurement Date	0.548969%	0.00578058%	0.55474958%
Change in Proportionate Share	-0.000182%	0.00023543%	0.00005343%
Proportionate Share of the Net OPEB (Asset)	\$ (12,869,120)	\$ (70,048)	\$ (12,939,168)
OPEB Expense	\$ (4,000,425)	\$ (6,582)	\$ (4,007,007)

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 264,992	\$ -	\$ 264,992
Differences between expected and actual experience	-	4,081	4,081
Changes of assumptions	-	53,429	53,429
Changes in proportion and differences between County contributions and proportionate share of contributions	69,552	2,213	71,765
County contributions subsequent to the measurement date	178,354	-	178,354
Total Deferred Outflows of Resources	<u>\$ 512,898</u>	<u>\$ 59,723</u>	<u>\$ 572,621</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 7,852	\$ 7,852
Differences between expected and actual experience	626,364	12,372	638,736
Changes of assumptions	1,856,898	38,486	1,895,384
Changes in proportion and differences between County contributions and proportionate share of contributions	26,288	2,650	28,938
Total Deferred Inflows of Resources	<u>\$ 2,509,550</u>	<u>\$ 61,360</u>	<u>\$ 2,570,910</u>

\$178,354 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 or increase to net OPEB asset in 2026. 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	STRS	Total
Year Ending December 31:			
2026	\$ (1,276,964)	\$ (3,081)	\$ (1,280,045)
2027	1,199,371	(6,269)	1,193,102
2028	(1,551,069)	(5,669)	(1,556,738)
2029	(546,344)	(3,994)	(550,338)
2030	-	6,916	6,916
Thereafter	-	10,460	10,460
Total	<u>\$ (2,175,006)</u>	<u>\$ (1,637)</u>	<u>\$ (2,176,643)</u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2023, rolled forward to the measurement date of December 31, 2024. 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	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	6.00 percent
Prior Year Single Discount Rate	5.70 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.08 percent
Prior Year Municipal Bond Rate	3.77 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2039
Actuarial Cost Method	Individual Entry Age

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 31, 2020.

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 10.0 percent for 2024.

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 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. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2024, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	37.00%	2.37%
Domestic Equities	26.00	5.70
Real Estate Investment Trust	5.00	5.00
International Equities	26.00	6.10
Risk Parity	3.00	4.40
Other investments	3.00	2.50
Total	<u>100.00%</u>	

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount Rate. A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70 percent. 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 the actuarially determined contribution rates of 6.00. 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 2124. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2124, the duration of the projection period through which projected health care payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 6.00 percent, as well as what the County's proportionate share of the net OPEB liability 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)	\$ (6,389,999)	\$ (12,869,120)	\$ (18,275,178)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability 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 liability. The following table presents the net OPEB liability 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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (CONTINUED)

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 2025 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care.

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)	\$ (13,065,462)	\$ (12,869,120)	\$ (12,648,246)

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2025, actuarial valuation are presented below:

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.00 percent	3.94 percent
Medicare	86.77 percent	3.94 percent
Prescription Drug		
Pre-Medicare	8.00 percent	3.94 percent
Medicare	26.60 percent	3.94 percent

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

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

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

Actuarial assumptions used in the June 30, 2025, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. STRS' 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:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final Target weights reflected at October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2025. 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. 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, 2025.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) (CONTINUED)

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, 2025, 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 if it were 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net OPEB (asset)	\$ (43,078)	\$ (70,048)	\$ (93,359)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB (asset)	\$ (94,834)	\$ (70,048)	\$ (40,197)

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 2025 for real and public utility property taxes represents collections of 2024 taxes.

2025 real property taxes are levied after October 1, 2025 on the assessed value as of January 1, 2025 lien date. Assessed values are established by State law at 35% of appraised market value. 2025 real property taxes are collected in and intended to finance 2026 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. 2025 public utility property taxes became a lien December 31, 2024, are levied after October 1, 2025 and are collected in 2025 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2025, was \$10.4 per \$1,000 of assessed value.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE L – PROPERTY TAX REVENUES (CONTINUED)

The assessed values of real and tangible personal property upon which 2025 property tax receipts were based are as follows:

Real Property	\$8,950,162,830
Public Utility Personal Property	<u>446,683,080</u>
Total Assessed Value	<u><u>\$9,396,845,910</u></u>

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.

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, 2025 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 2025 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 2025 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, 2025, 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 \$8,665,609, consisting of \$3,506,685 in the special assessment bond retirement fund and \$5,158,924 in Engineers' storm-water management fund. The amount of delinquent special assessments outstanding at year-end is \$453,311.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE M – RECEIVABLES & REVENUES (CONTINUED)

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

<i>Governmental Activities</i>	<u>Amount</u>
Grants, Incentives and Reimbursements	\$1,012,235
Other Intergovernmental Receipts, Including:	723,416
Motor Vehicle License Tax and Gas Tax	
Casino Revenue	
Public Defender Reimbursements	
Local Government Fund	
Charges for Services	1,086,878
Fines and Forfeitures	1,246,320
Internal Service	88,227
<i>Total</i>	<u><u>\$4,157,076</u></u>

NOTE N – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2025, consisted of the following:

Transfers From	Transfers To							Totals
	General	Public Safety Capital Project	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Governmental	Sewer	
General	\$ -	\$ 34,351,788	\$ 4,905,081	\$ 505,955	\$ 4,460,000	\$ 44,222,824	\$ 600,000	\$ 44,822,824
Developmental Disabilities Board	-	-	-	-	2,300,000	2,300,000	-	2,300,000
Nonmajor Special Revenue	690,098	-	5,525,011	96,055	-	6,311,164	-	6,311,164
Water	-	-	65,000	-	-	65,000	-	65,000
Sewer	-	-	65,515	-	-	65,515	-	65,515
<i>Transfer Totals</i>	<u>\$ 690,098</u>	<u>\$ 34,351,788</u>	<u>\$ 10,560,607</u>	<u>\$ 602,010</u>	<u>\$ 6,760,000</u>	<u>\$ 52,964,503</u>	<u>\$ 600,000</u>	<u>\$ 53,564,503</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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE O – ENCUMBRANCES (CONTINUED)

At December 31, 2025, encumbrances outstanding in governmental funds and proprietary funds which were re-appropriated in the 2026 budget were:

General Fund	\$2,269,146
Developmental Disabilities Board	507,867
ADAMHS Board	1,590,435
Public Safety	132,073,148
Non-Major Special Revenue Funds	7,912,522
Non-Major Capital Projects Funds	2,026,960
Enterprise Funds	1,802,430
Non-Major Internal Service Funds	2,282,947
<i>Total</i>	<u><u>\$150,465,455</u></u>

On the GAAP basis, a portion of these encumbrances represented accrued liabilities of the County. At December 31, 2026 encumbrances less these accrued liabilities were:

General Fund	\$1,990,803
Developmental Disabilities Board	417,514
ADAMHS Board	1,430,332
Public Safety	118,585,899
Non-Major Special Revenue Funds	7,279,730
Non-Major Capital Projects Funds	1,850,532
Enterprise Funds	1,672,168
Non-Major Internal Service Funds	2,153,203
<i>Total</i>	<u><u>\$135,380,181</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.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 decreased in 2025 by approximately \$1.5 million.

The \$18.1 million reported as landfill closure and post closure care liability at December 31, 2025, represents the total closure and post-closure estimate. These amounts are based on what it would cost to perform all closure and post closure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE R – ASSET RETIREMENT OBLIGATIONS

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

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

NOTE S – RELATED PARTY TRANSACTIONS

The late Commissioner Regovich reported related party transactions for family members to CT Consultants and Regovich Catering which is either worked at or owned by the Commissioner's brother respectively. During 2025, Lake County paid \$533,685 to CT Consultants and \$10,675 to Regovich Catering.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE S – RELATED PARTY TRANSACTIONS (Continued)

During 2025, Lake County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to Deepwood Industries, Inc., (the "Employment Program"), a discretely presented component unit of Lake County. The Employment Program reported \$137,520 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 Employment Program.

NOTE T– RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County contracted with CORSA (County Risk Sharing Authority, Inc.) for property and general liability coverage including automobiles, equipment and public officials' liability. The County also maintains health-care benefits, as well as additional property and general liability coverage, from private carriers. There were no significant reductions in coverage in 2025 as compared to the previous year. Insurance premiums paid to private carriers during 2025 were approximately \$100k. The amount of settlements did not exceed the coverage for each of the past three years.

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 and dental claims have been accrued based upon a review of the January, 2026 billings provided by the County Commissioners' Office.

The County did not have a claims liability at December 31, 2025, 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, 2025

NOTE T – 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>				
2023	\$ 200,802	\$ 4,415,288	\$ 4,424,395	\$ 191,695
2024	191,695	3,832,138	4,023,833	-
2025	-	-	-	-
<u>Dental:</u>				
2023	\$ 56,268	\$ 741,319	\$ 797,587	\$ -
2024	-	799,091	733,107	65,984
2025	65,984	764,279	830,263	-

NOTE U – PUBLIC ENTITY RISK POOLS

COUNTY RISK SHARING AUTHORITY

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

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 2025 was \$1,037,370. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE V – DEFICIT FUND BALANCE

At December 31, 2025, the following funds had a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Workforce Investment Act	\$27,147
Domestic Relations Court Computer	11,045
Additional Motor Vehicle Tax	3,160,634
Jail Bond Retirement	210,000
Garage	3,665

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

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

NOTE W – TAX INCENTIVES AND TAX ABATEMENTS

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

The first of these incentives, which is authorized pursuant to Ohio Revised Code Chapter 5709, is called Tax Increment Financing Agreements (TIF's). Under a TIF, the property owner makes Payments in Lieu of Taxes (PILOT's) in the same amount as the property tax, on improvements made to the respective property since the inception of the TIF. The PILOT's are used by the respective cities, villages and townships to finance infrastructure improvements to the properties included within the TIF. The revenue derived from the PILOT's is redirected from the "normal" distribution had the TIF not been established. With respect to County funds, none of the PILOT's are remitted to County agencies, but instead are remitted to the respective cities, villages and townships to finance the construction of the respective improvements. The following are the amounts that would have been received by the respective County funds, for the year ended December 31, 2025, had the TIF agreements not been established and the improvements still constructed:

	<u>Amount</u>
Governmental Funds:	
General Fund	\$144,297
Developmental Disabilities Board	525,682
ADAMHS Board	175,186
Children's Services Board	115,554
Narcotics Agency Fund	27,779
Forensic Crime Laboratory Fund	74,879
Senior Citizens Levy Fund	87,717
<i>Total</i>	<u><u>\$1,151,094</u></u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE W – TAX INCENTIVES AND TAX ABATEMENTS (CONTINUED)

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, 2025, had the CRA's not been established and the improvements still constructed:

	<u>Amount</u>
Governmental Funds:	
General Fund	\$46,051
Developmental Disabilities Board	184,095
ADAMHS Board	60,750
Children's Services Board	40,868
Narcotics Agency Fund	10,390
Forensic Crime Laboratory Fund	26,301
Senior Citizens Levy Fund	30,385
<i>Total</i>	<u><u>\$398,840</u></u>

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE X – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 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	Public Safety	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepaid Items	\$ 543,237	\$ 58,857	\$ 7,336	\$ -	\$ 49,657	\$ 659,087
Materials and Supplies Inventory	-	-	-	-	723,212	723,212
Unclaimed Funds	373,317	-	-	-	-	373,317
<i>Total Nonspendable</i>	<u>916,554</u>	<u>58,857</u>	<u>7,336</u>	<u>-</u>	<u>772,869</u>	<u>1,755,616</u>
<i>Restricted for</i>						
Other Purposes	-	-	-	-	11,227,831	11,227,831
Debt Service	-	-	-	-	2,063,363	2,063,363
Capital Projects	-	-	-	40,616,801	27,801,440	68,418,241
Public Assistance/Human Services	-	47,127,326	-	-	5,644,843	52,772,169
Roads and Bridges	-	-	-	-	7,207,661	7,207,661
Health Programs	-	-	4,257,067	-	-	4,257,067
Judicial/Public Safety/Grant Programs	-	-	-	-	22,353,678	22,353,678
Economic Development	-	-	-	-	13,134,729	13,134,729
Children's Services	-	-	-	-	14,607,295	14,607,295
General Government Operations	-	-	-	-	755,440	755,440
Emergency Rental Assistance	-	-	-	-	133,730	133,730
Public Works	-	-	-	-	28,239,478	28,239,478
<i>Total Restricted</i>	<u>-</u>	<u>47,127,326</u>	<u>4,257,067</u>	<u>40,616,801</u>	<u>133,169,488</u>	<u>225,170,682</u>
<i>Committed to</i>						
Central Communications	5,604,334	-	-	-	-	5,604,334
Budget Stabilization	11,042,400	-	-	-	-	11,042,400
Employee Payroll	14,900,000	-	-	-	-	14,900,000
Capital Projects	-	-	-	115,532,377	6,640,348	122,172,725
<i>Total Committed</i>	<u>31,546,734</u>	<u>-</u>	<u>-</u>	<u>115,532,377</u>	<u>6,640,348</u>	<u>153,719,459</u>
<i>Assigned to</i>						
Subsequent Year Appropriations	31,818	-	-	-	-	31,818
Encumbrances	1,989,723	-	-	-	-	1,989,723
Claimants	505,432	-	-	-	-	505,432
<i>Total Assigned</i>	<u>2,526,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,526,973</u>
<i>Unassigned (Deficit)</i>	<u>44,715,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,408,826)</u>	<u>41,307,164</u>
<i>Total Fund Balances</i>	<u>\$ 79,706,251</u>	<u>\$ 47,186,183</u>	<u>\$ 4,264,403</u>	<u>\$ 156,149,178</u>	<u>\$ 137,173,879</u>	<u>\$ 424,479,894</u>

NOTE Y – PENDING MATTER

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation results may be reported on at a later date.

LAKE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE Z – SUBSEQUENT EVENTS

- Resolution awarding bid contract in amount of \$447,463.50 to Cook Paving & Construction Co, Inc for the Lake County Solid Waste Facility Contract – 2 bailer building slab pavement repair project 472L-2023.
- Resolution awarding bid contract in amount of \$423,012.56 to Davis Diggers Inc for Bryn Mawr Ave waterline replacement project 476-W-2024.
- 469W-2023 West End Service Center Fuel Storage Tank Replacement. This project is anticipated to start construction in 2026. The project was approved to advertise by resolution and is currently advertising for construction bids with a construction cost estimate of \$2,500,000.
- Resolution authorizing execution of agreement between Lake County Engineer on behalf of Lake County Commissioners and Perry Township, Lake County, Ohio to financially support reconstruction of the OPWC Blackmore Road – Phase 1 project, Perry Township, Ohio at an estimated cost of \$790,400.
- Advertising for project 477W-2024 Glenview & Tarbell Waterline replacement at an estimated cost of \$1,300,000.
- Advertising for project 485S-2024 Center Road Pump Station & Force main at an estimated cost of \$3,500,000 began construction.
- Resolution awarding a bid contract in the amount of \$1,721,832 to Workman Industrial Services for the Aquarius Raw Water Pump Station traveling screens replacement project.
- Resolution awarding a bid contract in the amount of \$1,337,000 to D.B. Bentley, Inc. for the Regent Road Waterline replacement project.
- Resolution awarding a bid contract in the amount of \$478,740 to Phillips Paving, LLC for the Lake County intersection re-alignment project.
- Resolution awarding a bid contract in the amount of \$2,007,107 to the Geauga Highway Company for the Lake County resurfacing project.
- Resolution awarding a bid contract in the amount of \$438,000 to Grand River Asphalt for the roadway materials.
- Resolution awarding a bid contract in the amount of \$971,104 to Stanley Miller Construction Company for the Hopkins Road Culvert Improvements.
- Resolution awarding a bid contract in the amount of \$919,900 to A. Graziani & Company, Inc. for the Aquarius West End Service Center fuel storage tank replacement.
- Resolution awarding a bid contract in the amount of \$1,419,414 to Fabrizi Trucking and Paving Co., Inc. for Glenview and Tarbell waterline replacement.
- Resolution awarding a bid contract in the amount of \$925,259 to Chivers Construction Co., Inc. for the Madison Trunk Sewer Replacement Phase I project.
- Resolution providing for the issuance and sale of not to exceed \$7,000,000 aggregate principal amount of notes, in anticipation of the issuance of bonds, to pay costs of constructing, reconstructing, paving, and otherwise improvement road improvements in the County.
- Resolution authorizing execution of a contract with Air Force One, Inc. procured through Omnia Partners on behalf of the Lake County Department of Buildings and Grounds for Liebert Downflow replacement at the Lake County Information Technology department in an amount not to exceed \$223,131.

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 Ten Years

Traditional Plan	2025	2024	2023	2022
County's Proportion of the Net Pension Liability	0.557538%	0.556072%	0.585082%	0.583408%
County's Proportionate Share of the Net Pension Liability	\$ 136,683,439	\$ 145,581,928	\$ 172,833,479	\$ 50,758,857
County's Covered Payroll	\$ 97,183,657	\$ 91,520,986	\$ 90,673,671	\$ 84,681,221
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.64%	159.07%	190.61%	59.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.99%	79.01%	75.74%	92.62%
Combined Plan [1]		2024	2023	2022
County's Proportion of the Net Pension (Asset)		0.602169%	0.622781%	0.603543%
County's Proportionate Share of the Net Pension (Asset)		\$ (1,850,956)	\$ (1,467,831)	\$ (2,377,990)
County's Covered Payroll		\$ 2,764,983	\$ 2,895,614	\$ 2,740,036
County's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll		66.94%	50.69%	86.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		144.55%	137.14%	169.88%

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

[1] - The Combined Plan was consolidated into the Traditional Pension Plan in 2024. Historical data has not been restated. Therefore, this schedule reflects only the Combined Plan prior to its consolidated into the Traditional Pension Plan.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.598999%	0.596850%	0.608527%	0.610915%	0.606784%	0.611008%
\$ 88,698,711	\$ 117,971,453	\$ 166,663,235	\$ 95,840,719	\$ 137,790,327	\$ 105,834,288
\$ 84,354,750	\$ 83,981,950	\$ 82,183,929	\$ 80,671,885	\$ 78,343,033	\$ 75,938,500
105.15%	140.47%	202.79%	118.80%	175.88%	139.37%
86.88%	82.17%	74.70%	84.66%	77.25%	81.08%
2021	2020	2019	2018	2017	2016
0.591139%	0.589979%	0.602908%	0.616286%	0.587638%	0.638860%
\$ (1,706,403)	\$ (1,230,248)	\$ (674,187)	\$ (838,965)	\$ (327,062)	\$ (310,883)
\$ 2,616,643	\$ 2,620,086	\$ 2,578,593	\$ 2,521,808	\$ 2,287,850	\$ 2,321,758
65.21%	46.95%	26.15%	33.27%	14.30%	13.39%
157.67%	145.28%	126.64%	137.28%	116.55%	116.90%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
County's Proportion of the Net Pension Liability	0.00578058%	0.00554515%	0.00574225%	0.00559812%
County's Proportionate Share of the Net Pension Liability	\$ 1,051,196	\$ 1,066,977	\$ 1,236,589	\$ 1,244,470
County's Covered Payroll	\$ 769,643	\$ 775,593	\$ 363,893	\$ 349,164
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	136.58%	137.57%	339.82%	356.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.00565932%	0.00494500%	0.00011258%	0.00075259%	0.00077929%	0.00103522%
\$ 723,596	\$ 1,196,514	\$ 24,896	\$ 165,478	\$ 185,122	\$ 346,519
\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414	\$ 144,321	\$ 132,600
188.91%	875.93%	50.41%	145.91%	128.27%	261.33%
75.50%	77.40%	77.31%	75.29%	66.80%	72.10%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	2025	2024	2023	2022
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 14,029,885	\$ 13,605,712	\$ 12,812,938	\$ 12,694,314
Combined Plan [1]		348,280	331,798	405,386
Total Required Contributions	\$ 14,029,885	\$ 13,953,992	\$ 13,144,736	\$ 13,099,700
Contributions in Relation to the Contractually Required Contribution	(14,029,885)	(13,953,992)	(13,144,736)	(13,099,700)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -
<u>County's Covered Payroll</u>				
Traditional Plan	\$ 100,213,464	\$ 97,183,657	\$ 91,520,986	\$ 90,673,671
Combined Plan [1]		\$ 2,902,333	\$ 2,764,983	\$ 2,895,614
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan [1]		12.00%	12.00%	14.00%

[1] - The Combined Plan was consolidated into the Traditional Pension Plan in 2024. Historical data has not been restated. Therefore, this schedule reflects only the Combined Plan prior to its consolidated into the Traditional Pension Plan.

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 11,855,371	\$ 11,809,665	\$ 11,757,473	\$ 11,505,750	\$ 10,487,345	\$ 9,401,164
<u>383,605</u>	<u>366,330</u>	<u>366,812</u>	<u>361,003</u>	<u>327,835</u>	<u>274,542</u>
\$ 12,238,976	\$ 12,175,995	\$ 12,124,285	\$ 11,866,753	\$ 10,815,180	\$ 9,675,706
<u>(12,238,976)</u>	<u>(12,175,995)</u>	<u>(12,124,285)</u>	<u>(11,866,753)</u>	<u>(10,815,180)</u>	<u>(9,675,706)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 84,681,221	\$ 84,354,750	\$ 83,981,950	\$ 82,183,929	\$ 80,671,885	\$ 78,343,033
\$ 2,740,036	\$ 2,616,643	\$ 2,620,086	\$ 2,578,593	\$ 2,521,808	\$ 2,287,850
14.00%	14.00%	14.00%	14.00%	13.00%	12.00%
14.00%	14.00%	14.00%	14.00%	13.00%	12.00%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 116,958	\$ 107,750	\$ 108,583	\$ 50,945
Contributions in Relation to the Contractually Required Contribution	<u>(116,958)</u>	<u>(107,750)</u>	<u>(108,583)</u>	<u>(50,945)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$ 835,414	\$ 769,643	\$ 775,593	\$ 363,893
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 48,883	\$ 53,625	\$ 19,124	\$ 6,914	\$ 15,878	\$ 20,205
<u>(48,883)</u>	<u>(53,625)</u>	<u>(19,124)</u>	<u>(6,914)</u>	<u>(15,878)</u>	<u>(20,205)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414	\$ 144,321
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	2025	2024	2023	2022
County's Proportion of the Net OPEB Liability/Asset	0.548969%	0.549151%	0.576127%	0.575020%
County's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (12,869,120)	\$ (4,956,219)	\$ 3,378,952	\$ (18,010,507)
County's Covered Payroll	\$ 103,085,794	\$ 96,947,280	\$ 95,883,495	\$ 89,677,163
County's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-12.48%	-5.11%	3.52%	-20.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	121.51%	107.76%	94.79%	128.23%

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.588926%	0.586918%	0.598418%	0.600820%	0.597770%
\$ (10,492,187)	\$ 81,068,624	\$ 78,019,581	\$ 65,244,626	\$ 60,376,799
\$ 86,971,393	\$ 86,602,036	\$ 84,762,522	\$ 83,193,692	\$ 80,630,883
-12.06%	93.61%	92.04%	78.42%	74.88%
115.57%	47.80%	46.33%	54.14%	54.04%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
County's Proportion of the Net OPEB Liability/Asset	0.00578058%	0.00555150%	0.00574225%
County's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (70,048)	\$ (105,301)	\$ (111,678)
County's Covered Payroll	\$ 769,643	\$ 775,593	\$ 363,893
County's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-9.10%	-13.58%	-30.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	128.30%	158.01%	168.52%

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

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

See accompanying notes to the required supplementary information

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.00559812%	0.00565932%	0.00494500%	0.00011258%	0.00075259%	0.00077929%
\$ (144,954)	\$ (119,322)	\$ (86,908)	\$ (1,865)	\$ (12,093)	\$ 30,405
\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414	\$ 144,321
-41.51%	-31.15%	-63.62%	-3.78%	-10.66%	21.07%
230.73%	174.73%	182.13%	174.74%	176.00%	47.11%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 178,354	\$ 178,039	\$ 161,752	\$ 92,568
Contributions in Relation to the Contractually Required Contribution	<u>(178,354)</u>	<u>(178,039)</u>	<u>(161,752)</u>	<u>(92,568)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$ 106,124,897	\$ 103,085,794	\$ 96,947,280	\$ 95,883,495
Contributions as a Percentage of Covered Payroll	0.17%	0.17%	0.17%	0.10%

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 90,236	\$ -	\$ -	\$ -	\$ 896,735	\$ 1,612,618
<u>(90,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(896,735)</u>	<u>(1,612,618)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 89,677,163	\$ 86,971,393	\$ 86,602,036	\$ 84,762,522	\$ 83,193,692	\$ 80,630,883
0.10%	0.00%	0.00%	0.00%	1.08%	2.00%

LAKE COUNTY, OHIO

Required Supplementary Information

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

	2025	2024	2023	2022
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Covered Payroll	\$ 835,414	\$ 769,643	\$ 775,593	\$ 363,893
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

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

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 349,164	\$ 383,036	\$ 136,600	\$ 49,386	\$ 113,414
0.00%	0.00%	0.00%	0.00%	0.00%

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2025

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 2014-2025.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, 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 decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple. For 2025, 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 increased from 2.30% simple through 2024 then 2.05% simple, to 2.90% simple through 2025 then 2.05% simple.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2025

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2025.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038. For 2025, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.70% to 6.00% (b) the municipal bond rate changed from 3.77% to 4.08% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2038 to 5.50% initial and 3.50% ultimate in 2039.

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 2016-2017 and 2019-2026.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2025

For fiscal year 2018, STRS decreased the Cost-of Living Adjustment (COLA) to zero.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016-2017, 2019-2021, and 2024-2026.

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 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Net OPEB Liability

Changes in Assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.

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

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2025

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 years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -10.94% initial - 4.14% ultimate to -112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from -11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to -15.14% initial - 3.94% ultimate.

For fiscal year 2026, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.00% initial - 3.94% ultimate; medical Medicare from -112.22% initial - 3.94% ultimate to 86.77% initial - 3.94% ultimate; and prescription drug Medicare from -15.14% initial - 3.94% ultimate to 26.60% initial - 3.94% ultimate.

Changes in Benefit Terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal year 2017.

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.

LAKE COUNTY, OHIO

Notes to Required Supplementary Information For the Year Ended December 31, 2025

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.

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There was no benefit term changes from the amounts reported for fiscal year 2023-2026.

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
Passed Through Ohio Department of Education and Workforce:				
<u>Nutrition Cluster:</u>				
National School Breakfast Program	10.553	N/A	\$	14,437
National School Lunch Program	10.555	N/A		23,107
Total Nutrition Cluster				37,544
Passed through the Ohio Department of Jobs and Family Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	JFSCFI26		9,125
		JFSCF525		11,938
		JFSCFB25		835,246
		JFSCFB25		234,962
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				1,091,271
Total United States Department of Agriculture				1,128,815
United States Department of Housing & Urban Development				
Direct Program				
Community Development Block Grants/Entitlement Grants	14.218	CDBG-B-21-UC-39-0007		47,740
		CDBG-B-22-UC-39-0007		68,816
		CDBG-B-23-UC-39-0007		523,072
		CDBG-B-24-UC-39-0007		943,147
				1,582,775
Shelter Plus Care	14.238	FY2024	\$ 373,037	373,037
		FY2025	232,803	232,803
Total Shelter Plus Care			605,840	605,840
Home Investment Partnership Program	14.239	M-20-UC-39-0201		19,276
		M-21-UC-39-0201		371,234
		M-22-UC-39-0201		64,981
		M-23-UC-39-0201		219,978
		M-24-UP-39-0201		138,956
Total Home Investment Partnership Program				814,425
Total United States Department of Housing & Urban Development				3,003,040

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Justice				
<i>Passed Through the Ohio Attorney General's Office:</i>				
Crime Victims Assistance	16.575	2025VOCA135900521 2025VOCA136362161	\$	155,874 48,397
Total Crime Victims Assistance				204,271
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Violence Against Women Formula Grants	16.588	2024-WF-VA5-38084		61,571
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2024-JG-A01-85451		9,310
<i>Passed Through the City of Mansfield Police Department</i>				
Forensic DNA Backlog Reduction Program	16.741	15PBJA-23-GG-01344-DNAX 15PBJA-24-GG-02710-01		28,211 169,770
				197,981
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>				
Paul Coverdell Forensic Sciences Improvement Grant	16.742	2024-PC-NFS-9318		36,435
Total United States Department of Justice				509,568
United States Department of Labor				
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	JFSCES24 JFSCES25		25,065 9,762
Total Employment Service/Wagner-Peyser Funded Activities				34,827
Unemployment Service Program	17.225	JFSCUR23 JFSCUR24 JFSCUR23 JFSCUR24 JFSCUR23A		1,460 4,313 2,085 100,142 44,760
Total Unemployment Service Program				152,760
Trade Adjustment Assistance- Workers	17.245	JFSCTR23		288

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Workforce Investment Act (WIA) Cluster: WIA Adult Program	17.258	JFSCAF24 JFSCAP24 JFSCAF25 JFSCAF24 JFSCAP24 JFSCAF25 JFSFSW24 JFSFSW25		\$ 10,960 10,231 3,105 217,881 92,079 50,936 1,723 920
Total WIA Adult Program				387,835
WIA Youth Activities	17.259	JFSCYP23 JFSCYP23 JFSCYP24 JFSCYP24		4,326 156,611 4,000 134,072
Total WIA Youth Activities				299,009
WIA Dislocated Worker Formula Grants	17.278	JFSCDF24 JFSCDP24 JFSCDF25 JFSCDF24 JFSCDP24 JFSCDF25 JFSCR24 JFSCR25		7,543 5,326 791 175,633 47,937 40,615 575 283
Total WIA Dislocated Worker Formula Grants				278,703
Total Workforce Investment Act (WIA) Cluster				965,547
Total United States Department of Labor				1,153,422
United States Federal Highway Administration <i>Passed Through the Ohio Department of Transportation</i> Highway Planning and Construction	20.205	PID 117510 PID 117512 PID 119690		108,580 200,869 433,883
Total Highway Planning and Construction Cluster				743,332

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Surface Transportation Block Grant Program	20.287			\$ 520,639
Total United States Federal Highway Administration				1,263,971
United States Department of Treasury Passed Through the Ohio Office of Budget and Management				
Emergency Rental Assistance	21.023	N/A		131,249
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		5,235,751
		N/A		38,112
		N/A		1,883,292
		2022-AR-CCB-1126		75,990
Total Coronavirus State and Local Fiscal Recovery Funds				7,233,145
Total United States Department of Treasury				7,364,394
United States Department of Education Passed Through the Ohio Department of Education and Workforce:				
Special Education Cluster				
Special Education: Grants to States	84.027	070037-6BSF-2017P		44,668
Special Education: Preschool Grants	84.173	070037-PGS1-2017		10,792
Total Special Education Cluster				55,460
Passed Through the Ohio Department of Developmental Disabilities:				
Special Education-Grants for Infants and Families	84.181	N/A	\$ 420,560	420,560
Total United States Department of Education			420,560	476,020
United States Department of Health and Human Services Passed Through the Ohio Department of Mental Health:				
Block Grants for Community Mental Health Services	93.958		296	296
			34,020	34,020
			9,375	9,375
			18,665	18,665
Total Block Grants for Community Mental Health Services			62,356	62,356

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>Passed Through the Ohio Department of Alcohol & Drug Addiction Services:</i>				
Block Grants for Preventin and Treatment of Substance Abuse	93.959	N/A	\$ 314,092	\$ 314,092
		N/A	174,239	174,239
		N/A	82,009	82,009
		N/A	31,674	31,674
Total Block Grants for Prevention and Treatment of Substance Abuse			602,014	602,014
<i>Passed Through the Ohio Department of Mental Health</i>				
Projects for Assistance in Transition from Homelessness	93.150	N/A	71,390	71,390
		N/A	69,290	69,290
Total Projects for Assistance in Transition from Homelessness			140,680	140,680
<i>Pass Through the Ohio Department of Jobs and Family Services:</i>				
Promoting Safe and Stable Families	93.556	KIDCMC25		3,121
		KIDCMC25		312
		KIDCPF24		21,964
		KIDCPF25		14,907
		KIDCPF26		7,297
		KIDCPF25		6,115
		KIDCPF26		435
		KIDCPF25		11,517
Total Promoting Safe and Stable Families				65,668
Temporary Assistance for Needy Families	93.558	JFSCTF25		4,125
		JFSCTF26		1,797
		JFSCTF25		724,908
		JFSCTF26		73,248
		JFSCTF25		1,995
		JFSCTF25		324,887
		JFSCTF25B		4,529
		JFSCTF25		1,857,941
Total Temporary Assistance for Needy Families				2,993,430

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Child Support Enforcement	93.563	JFSCCS25		\$ 1,613,029
		JFSCCS26		534,623
		N/A		
		JFSFCS25I		1,496
		JFSFCS24I		1,550
		JFSCCS25I		496,935
		JFSCCS23I		137,398
Total Child Support Enforcement				2,785,031
Stephanie Tubbs Jones Child Welfare Services Program	93.645	KIDCCW24		3,279
		KIDCCW25		63,715
		KIDCCW25		6,372
Total Stephanie Tubbs Jones Child Welfare Services Program				73,366
Foster Care Title IV-E	93.658	KIDCFC25		3,296
		KIDCFC26		1,039
		KIDOLF25		1,196,513
		KIDOLF25		358,526
		KIDCFC25		221,739
		KIDCFC26		79,870
Total Foster Care Title IV-E				1,860,983
Adoption Assistance	93.659	KIDCAA25		13,111
		KIDCAA26		2,141
		KIDCAA25		539,715
		KIDCAA26		157,938
		N/A		284
Total Adoption Assistance				713,189
Passed Through the Ohio Department of Mental Health:				
Social Services Block Grant	93.667	N/A	\$ 88,519	88,519
		N/A	29,782	29,782
			118,301	118,301

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>Passed Through the Ohio Department of Developmental Disabilities (DD):</i>				
Social Services Block Grant	93.667	N/A		\$ 106,633
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Social Services Block Grant	93.667	JFSCSS25		415,441
		JFSCSS26		39,220
		JFSCTX25		634,284
		JFSCTX26		200,000
				<u>1,288,945</u>
Total Social Services Block Grant			\$ 118,301	1,513,879
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Medical Assistance Program	93.778	MCDFMT25		161,525
		MCDFMT26		52,797
		MCDFMT25		794,630
		MCDFMT26		222,896
Total Medical Assistance Program				<u>1,231,848</u>
<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	213,125	213,125
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>				
Child Care and Development Block Grant	93.575	KIDCCD25		198,380
Chaffe Foster Care Independence Program	93.674	KIDCIL25		14,857
		KIDCIL26		1,858
Total Chaffe Foster Care Independence Program				<u>16,715</u>
Adult Protective Services	93.747	JFSCEB21		11,314
Total United States Department of Health and Human Services				12,481,978

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Transportation				
<i>Passed Through the Ohio Department of Public Safety</i>				
Minimum Penalties for Repeat for Driving While Intoxicated	20.608	69A375243000016400HA		\$ 13,005
Highway Safety Cluster				
State and Community Highway Safety	20.600	69A375243000040200H0		18,497
Total United States Department of Transportation				31,502
United States Department of Homeland Security				
<i>Passed Through the Ohio Department of Homeland Security:</i>				
Boating Safety Financial Assistance	97.012	FAIN 70Z02325MO0001806		35,000
Passed Through the Ohio Emergency Management Agency:				
Emergency Management Performance Grant	97.042	FY2022 EOCGP EMPG FY 2023 EMPG FY 2024		466,499 781
Total Emergency Management Performance Grant				467,280
Homeland Security Grant Program	97.067	EMW-2021-SS-00004 EMW-2022-SS-00058 EMW-2023-SS-00024-S01 EMW-2024-SS-05037 EMW-2024-SS-05037		20,866 38,170 25,296 34,112 55,475
Total Homeland Security Grant Program				173,919
Total United States Homeland Security Grant Program				676,199

Lake County

Schedule of Expenditures of Federal Awards (SEFA)
For the Year Ended December 31, 2025
(Continued)

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal Assistance Listing AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Defense				
Direct				
Federal Voting Assistance Program- EASE Grant	12.219	H98210-23-BAA-0000		\$ 1,887,598
United States Department of Corporation For National and Community Service				
Direct				
AmeriCorps Seniors Retired and Senior Volunteer Program (RSVP)	94.002	25SRCOH005		59,994
Total Expenditures of Federal Awards			<u>\$2,162,876</u>	<u>\$30,036,501</u>

The accompanying notes are an integral part of this schedule.

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Lake County

Notes to the Schedule of Expenditures of Federal Awards 2 CFR 200.510(b)(6) For the Year Ended December 31, 2025

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, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

The County has elected to not use the 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 pass-through, 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.

Lake County

**Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2025
(Continued)**

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, 2025 is \$39,185.75.

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

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Required By *Government Auditing Standards*

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

To the County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and the remaining fund information of the Lake County, Ohio (the County) as of and for the year ended December 31, 2025, 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 23, 2026.

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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a significant deficiency.

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*.

County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings or corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 23, 2026

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65 East State Street
Columbus, Ohio 43215
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800-282-0370

**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

Qualified and Unmodified Opinions

We have audited Lake County's, Ohio (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, 2025. Lake County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on AL# 12.219 Federal Voting Assistance Program - EASE Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Lake County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on AL# 12.219 Federal Voting Assistance Program – EASE Grant for the year ended December 31, 2025.

Lake County

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

Page 2

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2025.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

Matter Giving Rise to Qualified Opinion on AL# 12.219 Federal Voting Assistance Program - EASE Grant

As described in finding 2025-002 in the accompanying schedule of findings, the County did not comply with requirements regarding reporting applicable to its AL#12.219 Federal Voting Assistance Program - EASE Grant major federal program.

Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-002, to be a material weakness.

Lake County

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

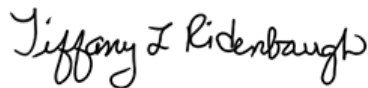
Page 5

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.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 23, 2026

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Lake County

**Schedule of Findings
2 Code of Federal Regulations (CFR) § 200.515
December 31, 2025**

1. Summary of Auditor's Results
--

Type of Financial Statement Opinion:

Unmodified

Were there any material weaknesses in internal control reported at the financial statement level (Generally Accepted Government Auditing Standards (GAGAS))?

No

Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?

Yes

Was there any reported material noncompliance at the financial statement level (GAGAS)?

No

Were there any material weaknesses in internal control reported for major federal programs?

Yes

Were there any significant deficiencies in internal control reported for major federal programs?

No

Type of Major Programs' Compliance Opinion:

Unmodified for all major programs except for AL 12.219 Federal Voting Assistance Program – EASE Grant, which we qualified.

Are there any reportable findings under 2 CFR § 200.516(a)?

Yes

Major Programs (list):

AL 12.219 Federal Voting Assistance Program - EASE Grant
AL 93.778 Medicaid
AL 10.561 SNAP
AL 93.563 Child Support Enforcement

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:

Type A: Programs or Clusters with Expenditures in Excess of \$1,000,000

Type B: All Others

Low Risk Auditee under 2 CFR § 200.520?

Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2025-001

Significant Deficiency - Vendor Redirect Scheme

Sound internal control practices require that changes to vendor master file information, including payment methods and banking instructions, be independently verified using a trusted source (such as an existing phone number or previously established point of contact) before processing. Segregation of duties and documented approval procedures should also be maintained for changes affecting disbursements.

On April 12, 2024, the Auditor of State issued Technical Bulletin 2024-003 warning of payment re-direct schemes and business e-mail compromise schemes that were impacting governments. The bulletin sets clear standards and guidance to governments and public employees to avoid falling victim to a payment redirect scheme, including ways to identify a payment re-direct scheme. The bulletin includes that a failure to follow the guidance may result in a public employee or officer being considered negligent and having a finding for recovery issued against the officer or employee for the loss of public funds.

The County lacked adequate internal controls over vendor payment maintenance and changes to vendor payment instructions. Specifically, a request received via email to change a recurring vendor payment from check to electronic funds transfer (EFT) was processed without independent verification of the request's authenticity. As a result, the County became the victim of a vendor payment redirection scheme, and funds were transmitted to an unauthorized bank account.

While the County had formal procedures requiring independent verification of vendor payment changes, those procedures were not followed when the request to update vendor information came via email.

The absence of adequate controls increased the risk of fraudulent disbursements, financial loss, and unauthorized modification of vendor payment information. In this instance, the County suffered a loss as a result of the vendor payment redirection fraud. As of May 21, 2026, the County had been fully repaid for the loss of funds through County Risk Sharing Authority (CORSAs) claims along with the bank recovering some of the stolen funds.

Significant Deficiency - Vendor Redirect Scheme – (Continued)

The County should establish and implement formal policies and procedures in accordance with Auditor of State Technical Bulletin 2024-003 that addresses governing changes to vendor payment information. At a minimum, all requests to establish or modify EFT payment instructions should be independently verified through a known and trusted contact using information already on file, documented, and approved by appropriate personnel before any changes are made. Management should also require dual review and approval of vendor master file changes and provide periodic employee training on business email compromise and payment redirection schemes.

Officials' Response: See Corrective Action Plan.

3. Findings and Questioned Costs for Federal Awards
--

1. Reporting-Electronic Absentee Systems for Elections (EASE 3.0)

Finding Number: 2025-002

Assistance Listing (AL) Number and Title: AL #12.219, Electronic Absentee Systems for Elections (EASE 3.0)

Federal Award Identification Number and Year: H98210-23-BAA-0000, 2023

Federal Agency: Department of Defense

Compliance Requirement: Reporting Requirement

Pass-Through Entity: None

Repeat Finding from Prior Audit? No

Prior Audit Finding Number: None

Noncompliance and Material Weakness

2 CFR § 1104.1 gives regulatory effect to the Department of Defense for 2 CFR § 200.328-329 which states:

2 CFR § 200.328(b) states the Federal entity agency or pass-through entity must collect financial reports no less than annually. The Federal agency or pass-through entity may not collect financial reports more frequently than quarterly unless a specific condition has been implemented in accordance with § 200.208. To the extent practicable, the Federal agency or pass-through entity should collect financial reports in coordination with performance reports.

Noncompliance and Material Weakness – (Continued)

2 CFR 200.328(c) stipulates that the recipient or subrecipient must submit financial reports as required by the Federal award. Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period.

From the EASE 3.0 Grant Agreement the recipient shall report the following:

Quarterly Progress Reports.

The recipient shall provide a quarterly progress report associated with the EASE 3.0 Program no later than thirty (30) calendar days after the end of the quarter.

Special Report(s): In the event that activities occur between the scheduled reporting dates, which have significant impact upon the cooperative agreement, the recipient shall inform both the Grants Office, Administrative Grants Officer and FVAP Program Officer immediately when the following types of conditions become know:

(a) Problems, delays, or adverse conditions, which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

(b) Favorable developments that enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

Data Collection Plan

All data requirements to be completed and delivered to FVAP within 60 days of each federal general election.

Schedule of Data Reporting Requirements Training with FVAP within 30 days of receiving EASE grant funds.

Specify the system(s) that were built/improved using EASE grant funds (system for electronic transmission of ballots; system for tracking mailed ballots; system for the use of digital signature verification; other.

State the date of deployment for these system(s).

Collect the data fields as described on the Data Fields document and record the data on the EASE Grants Data Collection Instrument under their respective columns.

Noncompliance and Material Weakness – (Continued)

Provide any data from previous election cycles (if already collected). This data will be used for comparison purposes and is acceptable in its original format.

Collecting and recording non-UOCAVA data to be used for comparison purposes is optional.

Quarterly Federal Financial Reports

The recipient shall prepare a quarterly financial report (Standard Form 425) in accordance with the Uniform Guidance at 2 CFR 200 and 32 CFR 32.52, to the DLNSEO Program Officer, Grants Officer and Administrative Grants Officer. These reports shall also include information on repayment of grants and disbursement of these funds in its quarterly financial reports, associated with the EASE 3.0 Programs.

Quarterly Disbursement Schedules

The recipient shall provide quarterly disbursement schedules to justify its invoice requests, delivered in coordination with requests for payments.

During our testing of the reporting requirements the County did not submit or provide Quarterly Progress Reports, Data Collection Plan, Quarterly Federal Financial Reports or Quarterly Disbursement Schedules. As a result, we have qualified the opinion over this grant.

Failure to have the proper controls in place to ensure the completion and submission of the required reports could result in the Department of Defense taking action against the County for failure to comply with programmatic requirements.

Failure to monitor the reporting function of a federal program and submit financial reports timely could jeopardize future funding. To help ensure compliance with federal grant guidelines, the Board of Elections should be aware of when reports need to be submitted and ensure reports are being submitted within the specified timeframe.

Officials' Response: See Corrective Action Plan.

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CHRISTOPHER A. GALLOWAY
COUNTY AUDITOR

SECRETARY OF
BUDGET COMMISSION
BOARD OF REVISION

ADMINISTRATOR
DATA PROCESSING DEPT.

LAKE COUNTY ADMINISTRATION CENTER
105 MAIN ST.
P. O. BOX 490
PAINESVILLE, OHIO 44077-0490

440-350-2528
440-428-4348
440-918-2500
FAX: 440-350-2667

Corrective Action Plan
2 Code of Federal Regulations (CFR) § 200.511(c)
December 31, 2025

Finding Number:

2025-001

Planned Corrective Action:

Implemented cloud-based vendor solution requiring phishing-resistant multi-factor authentication, password management, and utilizing time-bound, geo-bound, monitored sessions. Secure vendor onboarding and payment workflow with additional fraud mitigation processes and verification with bank validation services.

Provided training for all-county financial staff for vendor solutions. All-county staff were required to attend additional cyber-security training including training on fraudulent transactions and phishing scams.

Anticipated Completion Date:

09/01/2026

Responsible Contact Person:

Zachary Underwood, Budget/Finance Manager
Joel Dimare, Director of Administrative Services
Michele Uber, Chief Deputy Auditor
Pamela Montgomery, Deputy Auditor- System Administrator/Finance Manager
Sherri Falkenburg, Chief Deputy Treasurer

Finding Number:

2025-002

Planned Corrective Action:

Board of Elections has been provided with additional training by the Commissioners Finance staff on grant management and reporting. Necessary reports were filed with Secretary of State as required for the current fiscal year.

Anticipated Completion Date:

08/31/2026

Responsible Contact Person:

Dante Lewis, Board of Elections Director

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 9/29/2026

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

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