



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LAKE DEVELOPMENT AUTHORITY  
LAKE COUNTY**

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LAKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Lake Development Authority  
Lake County  
105 Main Street, 5<sup>th</sup> floor  
Painesville, Ohio 44077

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of each major fund of the Lake Development Authority, Lake County, Ohio (the Authority), (a component unit of Lake County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 each major fund of the Lake Development Authority, Lake County, Ohio as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, 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 Authority'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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

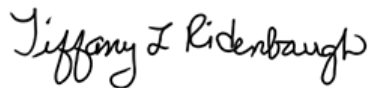
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

September 16, 2025

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## Lake Development Authority

Lake County, Ohio

### *Management's Discussion and Analysis For the Year Ended December 31, 2024*

*Unaudited*

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The discussion and analysis of the Lake Development Authority, formerly the Lake County Ohio Port & Economic Development Authority's, (the "Authority") financial performance provides an overall review of the financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the Authority's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

#### ***Financial Highlights***

Key financial highlights for 2024 are as follows:

- The Authority's total net position decreased by \$493,454, from \$12,743,629 to \$12,250,175.
- The Lake County Executive Airport (the "Airport") is properly equipped and focused on attracting business to the Airport and advancing economic development within the County, thanks in part to officially renaming itself in 2019. The Airport was no longer sponsored by the City of Willoughby and is also no longer a municipal airport.
- During 2024, the Authority had overall operating income of \$114,091. The principle operating fund had operating income of \$116,919 while the Airport had an operating loss of \$2,828.
- The Authority was able to make its principal and interest payments on its outstanding loan in the amounts of \$10,000 and \$2,050, respectively. The loan balance is now \$80,000.
- The Authority's total net pension liability decreased to \$307,096 from \$326,713 and the OPEB liability increased to an asset balance of \$18,023, from a liability balance of \$12,837, a combined net position increase of \$50,477. For more information on these liabilities see Notes 8 and 9 to the basic financial statements.
- The Authority received \$1,381,582 in American Rescue Plan money from the Ohio EPA to construct the North Park Sediment Recycling Facility.

#### ***Using this Annual Financial Report***

This report consists of a series of financial statements. The *Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position* provide information about the activities of the Authority and present a longer-term view of the Authority's finances.

A question typically asked about the Authority's finances is "How did we do financially during 2024?" The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority and its activities in a way that helps answer this question. These statements include *all 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 most private-sector companies. The Authority charges a fee to customers to help it cover part of the services it provides. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## Lake Development Authority

Lake County, Ohio

### *Management's Discussion and Analysis For the Year Ended December 31, 2024*

*Unaudited*

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These two statements report the Authority's *net position* and *changes in that net position*. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. changes in the condition of capital assets, FAA regulations, weather, etc.) in order to assess the overall health of the Authority.

#### **The Authority as a Whole**

Recall that the Statement of Net Position provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position for 2024, compared to 2023:

**Lake Development Authority**  
Lake County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*

*Unaudited*

**(Table 1) - Net Position**

	Business-Type Activities		
	2024	2023	Change
<b>Assets</b>			
Assets, excluding Capital Assets, Net	\$3,116,130	\$3,205,986	(\$89,856)
Capital Assets, Net of Depreciation	10,095,150	10,591,856	(496,706)
Total Assets	13,211,280	13,797,842	(586,562)
<b>Deferred Outflows of Resources</b>			
Pension - OPERS	140,207	199,954	(59,747)
OPEB - OPERS	15,710	38,033	(22,323)
Total	155,917	237,987	(82,070)
<b>Liabilities</b>			
Current and Other Liabilities	399,774	418,484	(18,710)
Long-Term Liabilities:			
Due Within One Year	10,000	10,000	0
Due in More than One Year:			
Net Pension Liability	307,096	326,713	(19,617)
Net OPEB Liability	0	12,837	(12,837)
Other Due in More than One Year	70,000	80,000	(10,000)
Total Liabilities	786,870	848,034	(61,164)
<b>Deferred Inflows of Resources</b>			
Pension - OPERS	17,492	28,637	(11,145)
OPEB - OPERS	10,314	8,152	2,162
Gain on Sale of Land	72,926	127,690	(54,764)
Leases	229,420	279,687	(50,267)
Total	330,152	444,166	(114,014)
<b>Net Position</b>			
Net Investment in Capital Assets	10,015,150	10,501,856	(486,706)
Restricted	336,761	291,082	45,679
Unrestricted	1,898,264	1,950,691	(52,427)
Total Net Position	\$12,250,175	\$12,743,629	(\$493,454)

The net pension liability (NPL) is the one of the largest liabilities reported by the Authority at December 31, 2024. 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 Authority 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. Both employer and

**Lake Development Authority**  
Lake County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*

*Unaudited*

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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 that 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.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Total assets decreased \$586,562 during 2024. The majority of this decrease was the result of the Authority's decrease in capital assets from the prior year related to the sale of 559 Bank Street.

Total liabilities decreased by \$61,164 during 2024 due to the decrease in the net pension and OPEB liabilities.

In total, net position of the Authority decreased by \$493,454, which can be attributed mostly to the aforementioned decrease in capital assets.

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2024 compared to the year ended December 31, 2023.

**Lake Development Authority**  
Lake County, Ohio

*Management's Discussion and Analysis  
For the Year Ended December 31, 2024*

*Unaudited*

**(Table 2)**  
**Changes in Net Position**

	Business-Type Activities		
	2024	2023	Change
<b><i>Operating Revenues</i></b>			
Operating Grants	\$214,740	\$28,908	\$185,832
Lease & Program Income	130,489	147,918	(17,429)
Contributions and Donations	707,740	919,134	(211,394)
Charges for Services & Rentals	190,514	208,135	(17,621)
Other Operating Revenues	175,394	130,454	44,940
<b><i>Total Operating Revenues</i></b>	<b>1,418,877</b>	<b>1,434,549</b>	<b>(15,672)</b>
<b><i>Operating Expenses</i></b>			
Personal Services	544,488	386,288	(158,200)
Contractual Services	450,642	450,327	(315)
Materials and Supplies	31,895	29,332	(2,563)
Overhead, Rent & Utilities	123,016	126,331	3,315
Travel & Training	15,253	12,639	(2,614)
Other Operating Expenses	36,818	29,438	(7,380)
Depreciation	102,674	116,574	13,900
<b><i>Total Operating Expenses</i></b>	<b>1,304,786</b>	<b>1,150,929</b>	<b>(153,857)</b>
Operating Income/(Loss)	114,091	283,620	(169,529)
<b><i>Non-Operating Revenues (Expenses)</i></b>			
Capital Grants	3,837,389	3,035,732	801,657
Grants Related Expenses	(4,205,107)	(3,465,680)	(739,427)
Interest Income	82,381	71,983	10,398
Interest and Fiscal Charges	(2,050)	(2,250)	200
Gain (Loss) on Sale of Capital Assets	(339,268)	54,764	(394,032)
Other non-Operating Revenue	48,989	4,613	44,376
Other non-Operating Expenses	(29,879)	(4,463)	(25,416)
<b><i>Total Non-Operating Revenues (Expenses):</i></b>	<b>(607,545)</b>	<b>(305,301)</b>	<b>(302,244)</b>
<b><i>Income (Loss) Before Transfers</i></b>	<b>(493,454)</b>	<b>(21,681)</b>	<b>(471,773)</b>
Transfers In	125,659	350,078	(224,419)
Transfers Out	(125,659)	(350,078)	224,419
<b>Change in Net Position</b>	<b>(493,454)</b>	<b>(21,681)</b>	<b>(471,773)</b>
Net Position Beginning of Year	12,743,629	12,765,310	(21,681)
Net Position End of Year	<u>\$12,250,175</u>	<u>\$12,743,629</u>	<u>(\$493,454)</u>

Operating revenues decreased by \$15,672 due primarily to a decrease in contributions and donations and charges for services revenues received from the previous year. Operating expenses increased by \$153,857 from the prior year due to an increase in personal services related to the change in net pension and OPEB liabilities and wage increases. The Authority's total net position decreased \$493,454 from the prior year.

**Lake Development Authority**

Lake County, Ohio

*Management's Discussion and Analysis  
For the Year Ended December 31, 2024**Unaudited***Capital Assets**

The largest portion of the Authority's net position is its net investment in capital assets. The Authority uses these capital assets to provide services to the businesses and public using the Authority. Table 3 shows 2024 balances compared with 2023.

**(Table 3)  
Capital Assets at December 31 (Net of Depreciation)**

	Business-Type Activities		
	2024	2023	Change
Land	\$8,923,848	\$9,014,888	(\$91,040)
Buildings	640,580	977,733	(337,153)
Improvements Other Than Buildings	407,140	434,743	(27,603)
Furniture, Equipment and Vehicles	123,582	164,492	(40,910)
Totals	<u>\$ 10,095,150</u>	<u>\$ 10,591,856</u>	<u>\$ (496,706)</u>

The \$496,706 decrease in capital assets was due to current year depreciation of \$102,674 plus disposals of \$394,032 exceeding no current year additions.

During 2012, the Authority acquired land parcels and related properties located on Bank Street with the understanding that some of the property would need substantial work and remediation. Remediation was completed in 2016 through grants and Port funds and the assets were capitalized at a substantial gain of nearly \$600,000 for the Authority. During 2024, the Authority sold 559 Bank Street at a book loss of \$394,032. Note 11 of the basic financial statements provides a more detailed look at capital asset activity during 2024.

**Debt**

The Authority's outstanding long-term obligations, excluding the net pension liability, are included in the following table:

**(Table 4)  
Outstanding Debt, at December 31**

	Amount Outstanding 12/31/2024	Amount Outstanding 12/31/2023	Increase (Decrease)
<b><i>Lost Nation Airport:</i></b>			
Loan Payable to City of Willoughby	<u>\$80,000</u>	<u>\$90,000</u>	<u>(\$10,000)</u>
<b><i>Total Long-Term Obligations</i></b>	<u><u>\$ 80,000</u></u>	<u><u>\$ 90,000</u></u>	<u><u>\$ (10,000)</u></u>

## Lake Development Authority

Lake County, Ohio

### *Management's Discussion and Analysis For the Year Ended December 31, 2024*

*Unaudited*

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In 2014, the Authority assumed responsibility for all payments related to an outstanding revenue bond related to the transfer of the Airport. The revenue bond will mature in 2032 and is reported as a loan payable to the City of Willoughby.

Additional information concerning the Authority's long-term obligations can be found in Note 7 to the basic financial statements.

#### **Factors Expected to Impact the Authority's Future Financial Position or Results of Operations**

**Lake County Executive Airport (formerly the Lost Nation Airport)** - On October 15, 2014, the Authority acquired, through transfer, the former Willoughby Lost Nation Municipal Airport from the City of Willoughby in exchange for certain consideration, including an agreement to pay off an existing revenue bond of \$150,000. The agreement also contains a \$750,000 contingent liability if the Airport meets certain operating surpluses over consecutive years. Those liability obligations remain in place in 2024.

The Airport accepts grants from the Federal Aviation Administration (FAA) Airport Improvement Program. One was taken in 2015 to conduct a Master Plan. The Master Plan provides a basis for ongoing commitment and participation in the funding of eligible improvements by the FAA and ODOT Office of Aviation which are both a valuable source of funding for the Airport. In 2024, the Airport was awarded a grant in the maximum obligation of \$2,600,000 from the Airport Terminal Grant Program to construct a new terminal building. The remaining funds were provided by an approximate \$1,500,000 grant from the County Commissioners. Total expenditures for all airport projects funded through the FAA Airport Improvement program totaled \$1,544,059. Most expenditures were for 2023 FAA awarded construction projects but were delayed until 2024.

The Airport also accepts grants from the Ohio Department of Transportation (ODOT), Office of Aviation. In 2024, ODOT awarded the Authority \$117,488 in grant funds. Total ODOT expenditures in 2024 were \$106,597.

**Bank Street** -The property cleanup was completed in December 2014 using the \$1,200,000 Ohio Jobs Ready Site Grant, with part of the grant used to make further improvements to the property. These improvements have made the remaining facility more attractive to potential tenants and easier to lease. The final release letter from the Ohio EPA was received in September of 2016. As of December 31, 2024, all buildings not sold are leased. The Authority entered into a new lease in 2023 with Tartan Industries for 600 Bank Street. All lease payments will be credited to the new tenants when improvements to the building are made. 559 Bank Street had completed its lease contract, and the building was transferred over to Bank Street Development, LLC per the lease agreement in 2024.

**UH Brunner Sanden Deitrick Wellness Campus** - In 2016, the Authority issued bonds to provide conduit financing to help structure and finance an 85,000 sq. ft. Health and Wellness Center, developed and leased by Lake Mentor Properties, LLC, an affiliate of Boldt Development, and then sub leased and operated by Lake Hospital System, now University Hospitals Systems, Inc. The facility provides many important community services including primary and secondary physician care, urgent care, imaging, sports medicine, rehabilitation, fitness center, track, pool and aquatic center, doctors' offices and a full-service pharmacy. The facility was fully operational by the end of 2018. Lake Mentor Properties, LLC terminated the lease, and the Authority redeemed the bonds in February 2023. The transaction was closed in January of 2024.

**Lake Development Authority**  
Lake County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*

*Unaudited*

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**Lake County Young Men's Christian Association (YMCA) Project** - In 2017, the Authority provided conduit financing to help structure and finance a new YMCA facility in Willoughby, Ohio to replace the existing facility. The new, approximately 38,000 square foot building is being constructed in collaboration with the Willoughby Eastlake City School District and the City of Willoughby. The new campus consists of a new High School, Senior Center and YMCA with a shared use agreement to share the aquatic Center and Fieldhouse. The project was completed in late summer of 2019.

**Tapestry Wickliffe, LLC Project** - In 2017, the Authority provided conduit financing for the acquisition, construction, reconstruction, equipping and improving a site in Wickliffe, Ohio. The renovations include a 167-unit Senior Assisted Living and Memory Care facility. The project was initiated by LaSalle Development Group Ltd. and operated by Tapestry Wickliffe LLC. The project also included physical rehabilitation facilities, salon, spa, commercial kitchen, offices and other support facilities. The renovation was completed in late fall 2018. Tapestry Wickliffe, LLC defaulted under the lease and related bond documents for the transaction. Tapestry Wickliffe LLC, the Lake Development Authority and the trustee, under the Trust Indenture dated as of August 1, 2019, entered into a Deed in Lieu of Foreclosure Agreement which provided for the transfer of the project from the Lake Development Authority at the direction of the Trustee in the first quarter of 2024. The transaction was completed in April of 2024.

**Truline Industries Inc. Project** - In 2020 the Authority provided conduit financing for the construction of a new 75,000 square foot manufacturing facility in Wickliffe, Ohio; complete with a pavilion and walking trail for community benefit. The company is an aerospace and fuel bearing manufacturer. The Authority worked closely with the City of Wickliffe to secure the site location and arrange the capital lease bond financing for the project. When fully operational, Truline Industries will bring nearly 100 jobs to Wickliffe with plans for future growth. The project was completed in the spring of 2021.

**The Residences at Chagrin Riverwalk III, LLC.** During 2021, the Authority provided conduit financing in the amount of \$21,100,000 to provide financial assistance to Marous Development Group in order to construct a 166-unit luxury apartment building located on Mentor Avenue near downtown Willoughby, Ohio, deemed to be in the public interest and hereafter referred to as The Residences at CRW III, LLC project. CRW III is the third and final phase of the Chagrin Riverwalk Development project. The Chagrin Riverwalk III project will include a fitness center, resort-style pool, community entertainment room, coffee bar, dog washing station, and EV charging stations to accommodate its high-end rental units. The Residences at Chagrin Riverwalk III will provide needed rental housing for the growing population of people looking to relocate to the beautifully redeveloped Historic Downtown Willoughby area. CRW III had a catastrophic fire in the first quarter of 2023 that resulted in a total loss of the project. The bond is still outstanding and reconstruction of the project has begun. Reconstruction was largely completed in 2024 with pre-leasing beginning in the summer of 2024.

**OMNI Vitalia Senior Living Project** In 2022, the Authority issued \$36,000,000 in Taxable Lease Revenue Bonds in conduit financing for construction of a new senior living community located in Mentor, Ohio. The OMNI Vitalia Senior Living project is a senior living community located on approximately 27 acres at 8180 Mentor Hills Drive in Mentor, Ohio. To meet the living needs of Mentor's senior community, the development project will consist of 89 independent living, 44 assisted living, 16 memory care units, and up to 60 active adult villas. The common areas include a swimming pool, fitness center, club room, and other amenities. Omni plans to begin welcoming residents in 2023. The bonds were redeemed in 2024 and lease agreements were terminated in July of 2024.



**Lake Development Authority**  
Lake County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*

*Unaudited*

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**North Park Sediment Recycling Facility** In May of 2022, the Authority entered in an agreement with the Ohio EPA to act as the local public authority to construct a sediment recycling facility to service the commercial harbor on the Grand River. The total grant award was \$10,594,949.

**Mentor Joint Venture Project** In 2023, the Authority issued \$8,600,000 in Taxable Lease Revenue Bonds in conduit financing for construction of a 125,000 square foot Industrial building located in Mentor, Ohio. The Mentor Joint Venture project is a mixed use Industrial building located on approximately 87 acres at 9525 Hamilton Boulevard in Mentor, Ohio. The project will attract new investment and business to the community, has provided approximately 100 new jobs to date with more expected to come as the project progresses.

**Contacting the Authority's Finance Department**

This financial report is designed to provide our citizens, taxpayers, Authority users, and all interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patrick Mohorcic, Executive Director of the Lake Development Authority, 105 Main Street, Suite B501, Painesville, Ohio 44077.

**LAKE DEVELOPMENT AUTHORITY**

Statement of Net Position  
December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Port Authority	Lake County Executive Airport	Total
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,356,290	\$ 687,877	\$ 2,044,167
Net Receivables:			
Accounts	24,419	8,860	33,279
Prepaid Items	4,861	18,153	23,014
<i>Total Current Assets</i>	<u>1,385,570</u>	<u>714,890</u>	<u>2,100,460</u>
<i>Noncurrent Assets:</i>			
Land	1,466,030	7,457,818	8,923,848
Buildings	582,281	58,299	640,580
Improvements	-	407,140	407,140
Furniture, Fixtures & Equipment	-	123,582	123,582
Note Receivable	-	231,676	231,676
Leases Receivable	181,114	48,306	229,420
Net Pension Asset - OPERS Combined Plan	49,790	-	49,790
Net OPEB Asset - OPERS	18,023	-	18,023
<i>Total Noncurrent Assets</i>	<u>2,297,238</u>	<u>8,326,821</u>	<u>10,624,059</u>
<i>Restricted and Other Assets:</i>			
Cash and Cash Equivalents:			
Restricted for AGRI Business Loan program	150,000	-	150,000
Restricted for Capital Improvements	57,500	-	57,500
Restricted for Capital Grants	-	279,261	279,261
<i>Total Restricted and Other Assets</i>	<u>207,500</u>	<u>279,261</u>	<u>486,761</u>
<i>Total Assets</i>	<u>3,890,308</u>	<u>9,320,972</u>	<u>13,211,280</u>
<b>Deferred Outflows of Resources</b>			
Pension	140,207	-	140,207
OPEB	15,710	-	15,710
<i>Total Deferred Outflows of Resources</i>	<u>155,917</u>	<u>-</u>	<u>155,917</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	9,312	65,923	75,235
Intergovernmental Payable	7,525	-	7,525
Other Payables	2,403	-	2,403
Vacation Benefits Payable	8,334	6,098	14,432
Loan Payable to City of Willoughby - Current	-	10,000	10,000
<i>Total Current Liabilities</i>	<u>27,574</u>	<u>82,021</u>	<u>109,595</u>
<i>Other Liabilities (Including Amounts Relating to Restricted Assets):</i>			
AGRI Business Loan Program	150,000	-	150,000
Taxes Collected on Behalf of Tenants	-	150,179	150,179
<i>Total Other Liabilities</i>	<u>150,000</u>	<u>150,179</u>	<u>300,179</u>
<i>Long-Term Liabilities (net of current portion)</i>			
Loan Payable to City of Willoughby	-	70,000	70,000
Net Pension Liability - OPERS Traditional Plan	307,096	-	307,096
<i>Total Long-Term Liabilities</i>	<u>307,096</u>	<u>70,000</u>	<u>377,096</u>
<i>Total Liabilities</i>	<u>484,670</u>	<u>302,200</u>	<u>786,870</u>
<b>Deferred Inflows of Resources</b>			
Pension	17,492	-	17,492
OPEB	10,314	-	10,314
Gain on Sale of Land	-	72,926	72,926
Leases	181,114	48,306	229,420
<i>Total Deferred Inflows of Resources</i>	<u>208,920</u>	<u>121,232</u>	<u>330,152</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,048,311	7,966,839	10,015,150
Restricted for Capital Improvements	57,500	279,261	336,761
Unrestricted	1,246,824	651,440	1,898,264
<i>Total Net Position</i>	<u>\$ 3,352,635</u>	<u>\$ 8,897,540</u>	<u>\$ 12,250,175</u>

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

**LAKE DEVELOPMENT AUTHORITY**  
*Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Year Ended December 31, 2024*

	Business-Type Activities - Enterprise Funds		
	Port Authority	Lake County Executive Airport	Total
<b>Operating Revenues</b>			
Operating Grants	\$ -	\$ 214,740	\$ 214,740
Lease Income	15,313	34,954	50,267
Finance Programs Income	80,222	-	80,222
Intergovernmental - County Contributions	613,851	93,889	707,740
Charges for Services	-	97,515	97,515
Rentals	-	92,999	92,999
Other Operating Revenues	145,067	30,327	175,394
<i>Total Operating Revenues</i>	<u>854,453</u>	<u>564,424</u>	<u>1,418,877</u>
<b>Operating Expenses</b>			
Personal Services	458,216	86,272	544,488
Contractual Services	142,654	307,988	450,642
Materials & Supplies	10,736	21,159	31,895
Overhead, Rent & Utilities	42,647	80,369	123,016
Training & Travel	15,253	-	15,253
Other Operating Expenses	36,818	-	36,818
Depreciation Expense	31,210	71,464	102,674
<i>Total Operating Expenses</i>	<u>737,534</u>	<u>567,252</u>	<u>1,304,786</u>
<i>Operating Income (Loss)</i>	<u>116,919</u>	<u>(2,828)</u>	<u>114,091</u>
<b>Non-Operating Revenues (Expenses)</b>			
Capital Grants	2,136,105	1,701,284	3,837,389
Grant Related Expenses	(2,346,571)	(1,858,536)	(4,205,107)
Interest Income	62,026	20,355	82,381
Gain (Loss) on Sale of Capital Assets	(394,032)	54,764	(339,268)
Interest and Fiscal Charges	-	(2,050)	(2,050)
Other Non-Operating Revenues	-	48,989	48,989
Other Non-Operating Expenses	-	(29,879)	(29,879)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(542,472)</u>	<u>(65,073)</u>	<u>(607,545)</u>
<i>Income (Loss) Before Transfers</i>	<u>(425,553)</u>	<u>(67,901)</u>	<u>(493,454)</u>
Transfers In	-	125,659	125,659
Transfers Out	(125,659)	-	(125,659)
<i>Change in Net Position</i>	<u>(551,212)</u>	<u>57,758</u>	<u>(493,454)</u>
<i>Net Position Beginning of Year</i>	<u>3,903,847</u>	<u>8,839,782</u>	<u>12,743,629</u>
<i>Net Position End of Year</i>	<u>\$ 3,352,635</u>	<u>\$ 8,897,540</u>	<u>\$ 12,250,175</u>

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

**LAKE DEVELOPMENT AUTHORITY**

*Statement of Cash Flows*

*For the Year Ended December 31, 2024*

	Business-Type Activities - Enterprise Funds		
	Port	Lake County	
	Authority	Executive	
		Airport	Total
<b>Cash Flows From Operating Activities:</b>			
Cash Received from Customers & Users	\$ 92,692	\$ 229,900	\$ 322,592
Cash Received from Operating Grants	-	214,740	214,740
Cash Received from Contributions & Donations	776,351	93,889	870,240
Other Operating Revenues	131,105	26,805	157,910
Cash Paid to Suppliers	(11,240)	(20,281)	(31,521)
Cash Paid to Employees	(462,083)	(63,837)	(525,920)
Cash Paid for Contractual Services	(141,250)	(268,454)	(409,704)
Cash Paid for Overhead, Rent & Utilities	(43,035)	(82,015)	(125,050)
Cash Paid for Other Operating Expenses	(52,436)	-	(52,436)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>290,104</u>	<u>130,747</u>	<u>420,851</u>
<b>Cash Flows From Non-Capital Financing Activities</b>			
Interest Income	62,026	20,355	82,381
Taxes Collected on Behalf of Tenants	-	153,954	153,954
Taxes Paid on Behalf of Tenants	-	(141,384)	(141,384)
Other Non-Operating Revenues	-	48,989	48,989
Other Non-Operating Expenses	-	(29,879)	(29,879)
Transfers In	-	125,659	125,659
Transfers Out	(125,659)	-	(125,659)
<i>Net Cash Provided By (Used for)</i> <i>Non-Capital Financing Activities</i>	<u>(63,633)</u>	<u>177,694</u>	<u>114,061</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds from Sale of Property	-	54,764	54,764
Cash Received from Capital Grants	2,136,105	1,725,085	3,861,190
Payment for Capital Grant Related Expenses	(2,431,599)	(1,858,536)	(4,290,135)
Principal Paid on Debt	-	(10,000)	(10,000)
Interest Paid on Debt	-	(2,050)	(2,050)
<i>Net Cash Provided by (Used For) Capital</i> <i>and Related Financing Activities</i>	<u>(295,494)</u>	<u>(90,737)</u>	<u>(386,231)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(69,023)</u>	<u>217,704</u>	<u>148,681</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,632,813</u>	<u>749,434</u>	<u>2,382,247</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,563,790</u>	<u>\$ 967,138</u>	<u>\$ 2,530,928</u>

(continued)

**LAKE DEVELOPMENT AUTHORITY**  
*Statement of Cash Flows (continued)*  
For the Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Port Authority	Lake County Executive Airport	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ 116,919	\$ (2,828)	\$ 114,091
Adjustments:			
Depreciation	31,210	71,464	102,674
(Increase) Decrease in Assets & Deferred Outflows:			
Accounts Receivable	145,695	910	146,605
Prepaid Items	(428)	(3,525)	(3,953)
Net Pension Asset - OPERS	(14,924)	-	(14,924)
Net OPEB Asset - OPERS	(30,860)	-	(30,860)
Deferred Outflows of Resources - Pension	59,747	-	59,747
Deferred Outflows of Resources - OPEB	22,323	-	22,323
Increase (Decrease) in Liabilities & Deferred Inflows:			
Accounts Payable	(3,945)	63,570	59,625
Due to Other Governments	424	-	424
Vacation Benefits Payable	(6,856)	1,156	(5,700)
Credit Card Payable	(601)	-	(601)
Deferred Inflows of Resources - Pension	(11,145)	-	(11,145)
Deferred Inflows of Resources - OPEB	2,162	-	2,162
Net Pension Liability - OPERS	(19,617)	-	(19,617)
<i>Total Adjustments</i>	<u>173,185</u>	<u>133,575</u>	<u>306,760</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ 290,104</u>	<u>\$ 130,747</u>	<u>\$ 420,851</u>

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

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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**Note 1 - Description of the Lake Development Authority, formerly the Lake County Ohio Port & Economic Development Authority, & Reporting Entity**

***A. The Authority***

The Lake Development Authority, formerly the Lake County Ohio Port & Economic Development Authority, Lake County, (the “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 Authority.

The Authority is governed by a nine-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 Authority upon adoption of a resolution. As a result, the Port Authority is reflected as a component unit of Lake County.

***B. Reporting Entity***

The Authority has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, and as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Authority are not misleading. The primary government consists of all departments, boards and agencies that are not legally separate from the Authority.

Component units are legally separate organizations for which a primary government is financially accountable. The Authority is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; or (3) the Authority is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the Authority is obligated for the debt of the organization. Under the criteria specified in Statement No. 14, the Authority has no component units. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. The Authority is, however, considered to be a component unit of Lake County (“the County”) by virtue of the fact the Authority’s Board of Trustees is appointed by the County and the Authority imposes a financial burden on the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization.

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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**Note 2 - Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The more significant of the Authority's accounting policies are described below.

***A. Basis of Presentation***

The Authority's basic financial statements consist of a statement of net position, statement of revenues expenses and changes in net position, and a statement of cash flows. The Authority reports its operations in two enterprise funds. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

GASB Statement No. 34 requires the following, which collectively make up the Authority's basic financial statements:

Management's Discussion and Analysis  
Basic Financial Statements:  
    Statement of Net Position  
    Statement of Revenues, Expenses, and Changes in Net Position  
    Statement of Cash Flows  
Notes to the Basic Financial Statements  
Required Supplementary Information

***B. Fund Accounting***

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary, however the Authority only has proprietary funds.

***Proprietary Fund Type*** 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 Port Authority and Lake County Executive Airport, formerly the Lost Nation Airport, funds are the Authority's only enterprise funds.

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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***Port Authority Fund*** – The Port Authority fund accounts for all of the day to day activity, grants, lending programs and economic development activity relating to the Authority that does not involve the Lake County Executive Airport.

***Lake County Executive Airport Fund*** – The Lake County Executive Airport, formerly the Lost Nation Airport, fund accounts for the operating and capital activity of the Airport.

***C. Measurement Focus and Basis of Accounting***

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of fund net position. The statement of changes in 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 Authority finances and meets the cash flow needs of its enterprise activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal 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 fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are also recorded as a deferred inflow of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

***Deferred Outflows/Inflows of Resources*** - In addition to assets, the statement of financial position 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 Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position will sometimes 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 Authority, deferred inflows of resources were reported for pension and OPEB. Deferred inflows of



**Lake Development Authority**

Lake County, Ohio

*Notes to the Basic Financial Statements  
December 31, 2024*

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resources related to pension, OPEB, leases and gain on sale of land are reported on the statement of net position (see Notes 8 and 9).

***D. Cash and Cash Equivalents***

The Authority maintains interest bearing depository accounts. All funds of the Authority are maintained in these accounts. These interest-bearing depository accounts are presented in the statement of net position as “Cash and Cash Equivalents”.

During 2024, investments were limited to STAR Ohio.

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 Authority 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 2024, 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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business days(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the Authority during 2024 was \$82,381.

***E. Restricted Assets and Related Liabilities***

Bond indentures and other agreements require portions of debt proceeds as well as other resources of the Authority to be set aside for various purposes. These amounts are reported as restricted assets along with the unspent proceeds of the Authority’s debt obligations. The liabilities that relate to the restricted assets are included in other liabilities payable from restricted assets in the Statement of Net Position.

***F. Capital Assets***

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. The capital assets received from the City of Willoughby during the transfer of operations of the Airport were recorded at the carrying amount reported by the City at the time of transfer. Donated capital assets are recorded at their fair market values as of the date received. The Authority maintains a capitalization threshold of \$5,000.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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Estimated Lives	Description
30 years	Buildings
25 years	Improvements other than Buildings
5 - 10 years	Vehicles
3 - 10 years	Furniture and Equipment

***G. Net Position***

Net Position represents the difference between assets and deferred outflows of resources less 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 debt service represents monies set aside for the repayment of debt.

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

***H. Grants and Intergovernmental Revenues***

State and Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. State and Federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when all applicable eligibility requirements have been met and the resources are available.

***I. Vacation Benefits Payable***

Vacation benefits are accrued as a liability as benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees through paid time off or some other means.

***J. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority. Revenues and expenses which do not meet these definitions are reported as non-operating.

***K. Lease Accounting***

The Authority classifies leases at the inception of each lease in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, except for leases that are not recognized for accounting purposes under Interpretation No. 2 of the GASB, Disclosure of Conduit Debt Obligations, because they secure the repayment of conduit debt.

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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***L. Financing Fee Income***

Fees associated with economic development loan programs and conduit debt transactions are recognized in operating income as they are received. Such fees will only be paid while the related debt is outstanding, therefore, they are subject to the risk that the debt will be repaid in advance of scheduled maturity.

***M. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liability, 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.

***N. Estimates***

The preparation of 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.

***O. Fair Market Value***

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Note 3 – Change in Accounting Principles**

For 2024, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62”, and Statement No. 101, “Compensated Absences”.

GASB Statement No. 100 aims to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Authority.

GASB Statement No. 101 provides guidance on the accounting and financial reporting for compensated absences. The implementation of GASB Statement No. 101 did not have an effect on beginning net position of the Authority.

**Lake Development Authority**  
Lake County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2024*

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**Note 4 – Deposits and Investments**

State statutes classify monies held by the Authority 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 Authority, 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 Authority 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 Authority'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;
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.

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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 Authority 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 Authority's name. During 2024, the Authority invested in STAR Ohio.

**Deposits with Financial Institutions**

At December 31, 2024, the carrying amount of all Authority deposits was \$1,236,223 and the bank balance of all Authority deposits was \$1,585,977. \$500,000 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and \$1,085,977 was potentially exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in possession of an outside party. The Authority 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 Authority 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 percent 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 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the Authority's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

**Investments**

As of December 31, 2024, the Authority had \$1,294,705 invested in STAR Ohio. The Authority's investments are valued using quoted market prices (level 1 inputs).

***Interest Rate Risk*** As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the Authority's investment policy limits investment portfolio maturities to five years or less.

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**Credit Risk** STAR Ohio 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 Authority has no investment policy that addresses credit risk.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority 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.

**Concentration of Credit Risk** The Authority places no limit on the amount it may invest in any one issuer. The Authority's investment in STAR Ohio represents 100 percent of total investments.

**Reconciliation of Cash and Investments to the Statement of Net position**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Position as of December 31, 2024:

<u>Cash and Investments per Note Disclosure:</u>		<u>Cash and Investments per Statement of Net Position:</u>	
Carrying amount of deposits	\$1,236,223	Port Authority	\$1,563,790
Investments	1,294,705	Lake County Executive Airport	967,138
Total	<u>\$2,530,928</u>	Total	<u>\$2,530,928</u>

**Note 5 – Leases Receivable**

The Authority is reporting leases receivable of \$229,420 at December 31, 2024. For 2024 the Authority reported lease revenue of \$50,267 and interest revenue of \$16,876 related to the lease payments received.

***Authority as Lessor***

**559 Bank Street** - In June of 2013, the Authority entered into a ten-year lease agreement with Dalamer Industries, LLC for property and a building located on Bank Street in the City of Painesville. During 2017, this lease was transferred to Bank Street Development, LLC. The Authority also agreed to make certain improvements to the condition of property. The lease commenced on June 1, 2013 and was scheduled to expire May 1, 2024, with an option to purchase the property at any time during the lease at a price of \$580,000. If a purchase agreement is reached, Dalamer Industries will receive a credit against that purchase price in an amount equal to all of the payments it has already made under this agreement. The land and building were sold to Dalamer Industries, LLC during 2024 for a price of \$580,000. Once the credit for previous payments was applied, the Authority received \$0 for the sale of this property in 2024.

**600 Bank Street** - In February of 2023, the Authority entered into a ten-year lease agreement with Marine Manufacturing Group, LLC for property and a building located on Bank Street in the City of Painesville. The lease commenced on February 1, 2023 and is scheduled to expire February 1, 2033, with an option to purchase the property at any time if the tenants improvement costs exceed \$300,000. Lease payments under the lease are \$2,500 per month for the remainder of the lease. The Authority recorded \$15,313 of lease income and \$14,687 in interest revenue under this lease for the year ended December 31, 2024.

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**Evergreen Properties, LLC** - In December of 2020, the Authority (Airport) renewed a five-year lease agreement with Evergreen Properties, LLC for real property owned by the Airport. The lease commenced on January 1, 2021, and is scheduled to expire December 31, 2025, with an option to extend the term for 2 more successive periods of five years each. Lease payments under the lease are \$600 per month or \$7,200 annually, for each year of the lease. The Authority recorded \$6,849 of lease income and \$351 in interest income under this lease for the year ended December 31, 2024.

**Turbine Storage, LLC** - In January of 2021, the Authority (Airport) amended and restated a five-year lease agreement with Turbine Storage, LLC for real property located at the Airport. The lease commenced on May 1, 2021, and is scheduled to expire April 30, 2026, with an option to extend the term for 1 more successive period of five years. Lease payments under the lease are \$1,335 per month or \$16,023 annually, for years one through three of the lease. Lease payments for years four and five of the lease will be increased on January 1<sup>st</sup> of each year according to increases in the Consumer Price Index as calculated by the Consumer Price Index Calculator, not less than 1 percent. The Authority recorded \$15,077 of lease income and \$945 in interest income under this lease for the year ended December 31, 2024.

**Mibec Air, LLC** - In July of 2021, the Authority (Airport) signed a five-year lease agreement with Mibec Air, LLC for real property located at the Airport. The lease commenced on July 1, 2021, and is scheduled to expire June 30, 2026, with an option to extend the term for 5 more successive periods of five years. Lease payments under the lease are \$1,160 per month or \$13,920 annually. The Authority recorded \$13,028 of lease income and \$893 in interest income under this lease for the year ended December 31, 2024.

The annual requirements to retire these lease obligations are as follows:

Year Ending December 31,	<u>Port Authority</u> 600 Bank Street					
	Principal	Interest				
2025	\$16,543	\$13,457				
2026	17,872	12,128				
2027	19,307	10,693				
2028	20,858	9,142				
2029	22,533	7,467				
2030 - 2033	84,001	10,999				
<i>Total</i>	<u>\$181,114</u>	<u>\$63,886</u>				

Year Ending December 31,	<u>Lake County Executive Airport</u>					
	Turbine Storage					
	Principal	Interest	Principal	Interest	Mibec Air Principal	Mibec Air Interest
2025	\$7,075	\$125	\$15,575	\$448	\$13,458	\$462
2026	0	0	5,304	37	6,894	67
<i>Total</i>	<u>\$7,075</u>	<u>\$125</u>	<u>\$20,879</u>	<u>\$485</u>	<u>\$20,352</u>	<u>\$529</u>

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**Note 6 – Conduit Debt**

**Lake Mentor Properties, LLC Project**

The Authority issued revenue bonds in the amount of \$32,812,481 to provide financial assistance to the Lake Mentor Properties, LLC in order to construct a facility to be subleased to the Lake Hospital System for the acquisition and construction of facilities deemed to be in the public interest and hereafter referred to as the Lake Hospital System Project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the Lake Mentor Properties, LLC project lease agreement. Lake Mentor Properties, LLC terminated the lease, and the Authority redeemed the bonds in February of 2024.

**Lake County Young Men's Christian Association (YMCA) Project**

The Authority issued revenue bonds in the amount of \$8,000,000 to provide financial assistance to the Lake County YMCA for the acquisition, improvement and furnishing of a two story indoor recreational facility of approximately 38,000 square feet, deemed to be in the public interest and hereafter referred to as the Lake County YMCA Project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development.

As of December 31, 2024, \$4,251,664 of the conduit debt revenue bonds remain outstanding.

**Tapestry Wickliffe, LLC. Project**

The Authority issued lease revenue bonds in the amount of \$49,030,000 on October 31, 2017 to provide financial assistance to the Tapestry Wickliffe, LLC. for the acquisition, construction, reconstruction, remodeling, equipping, furnishing and otherwise improving a senior assisted living and memory care facility in Wickliffe, Ohio, deemed to be in the public interest and hereafter referred to as the Tapestry Wickliffe LLC. Project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the project lease agreement. Tapestry Wickliffe, LLC defaulted under the lease and related bond documents for the transaction. Tapestry Wickliffe LLC, the Lake Development Authority and the trustee, under the Trust Indenture dated as of August 1, 2019, entered into a Deed in Lieu of Foreclosure Agreement which provided for the transfer of the project from the Lake Development Authority at the direction of the Trustee in the first quarter of 2024. This transaction was completed in April of 2024.



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**Truline Industries, Inc.**

The Authority issued lease revenue bonds in the amount of \$9,500,000 on March 27, 2020 to provide financial assistance to Truline Industries, Inc., for the construction, equipping, furnishing and otherwise improving a new manufacturing facility in the City of Wickliffe, Ohio, deemed to be in the public interest and hereafter referred to as the Truline Industries, Project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the project lease agreement.

As of December 31, 2024, \$7,297,557 of the conduit debt revenue bonds have been drawn and are outstanding.

**The Residences at Chagrin Riverwalk III, LLC.**

During 2021, the Authority issued revenue bonds in the amount of \$21,100,000 to provide financial assistance to Marous Development Group in order to construct a 166 unit luxury apartment building located on Mentor Avenue near downtown Willoughby, Ohio, deemed to be in the public interest and hereafter referred to as The Residences at CRW III, LLC. project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the Residences at CRW III, LLC. project lease agreement. CRW III had a catastrophic fire in the first quarter of 2023 that resulted in a total loss of the project. The bond is still outstanding, and reconstruction of the project has begun. Reconstruction was largely completed in 2024 with pre-leasing beginning in the summer of 2024.

As of December 31, 2024, \$17,209,322 of the conduit debt revenue bonds have been drawn and are outstanding.

**Omni SLF Mentor LLC (Omni Vitalia Senior Living)**

During 2022, the Authority issued revenue bonds in the amount of \$36,000,000 to provide financial assistance to Omni SLF Mentor, LLC in order to construct a senior living community center in Mentor, Ohio, deemed to be in the public interest and hereafter referred to as Omni Vitalia Senior Living project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the Omni Vitalia Senior Living project lease agreement.

The lease agreements related to this project were terminated in July of 2024 and the bonds were also redeemed.

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**Mentor Joint Venture Project**

During 2023, the Authority issued revenue bonds in the amount of \$8,600,000 to provide financial assistance to Mentor Joint Venture, LLC in order to construct a 125,000 square foot Industrial building in Mentor, Ohio, deemed to be in the public interest and hereafter referred to as the Mentor Joint Venture project. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, a liability is not reported in the accompanying financial statements. However, the issuance of such conduit debt supports the Authority's purpose and drives local economic development. The aforementioned issuance of conduit debt produces additional revenues for the Authority through the Mentor Joint Venture project lease agreement.

As of December 31, 2024, \$9,900,000 of the conduit debt revenue bonds have been drawn and are outstanding.

**Note 7 – Long-Term Obligations**

Changes in the Authority's long-term obligations during 2024 were as follows:

	Outstanding 1/1/2024	Additions	Reductions	Outstanding 12/31/2024	Amount Due In One Year
<b><i>Port Authority:</i></b>					
<b><i>Other Long-Term Liabilities:</i></b>					
OPERS Traditional Plan	\$326,713	\$0	\$19,617	\$307,096	\$0
OPEB Liability	12,837	0	30,860	(18,023)	0
<i>Total Port Authority</i>	339,550	0	50,477	289,073	0
<b><i>Lost Nation Airport:</i></b>					
City of Willoughby Loan	90,000	0	10,000	80,000	10,000
<b><i>Total Long-Term Obligations</i></b>	<b><u>\$ 429,550</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 60,477</u></b>	<b><u>\$ 369,073</u></b>	<b><u>\$ 10,000</u></b>

The Authority pays obligations related to employee compensation from the Port Authority enterprise fund.

During 2015, as part of the agreement to acquire the Airport, the Authority agreed to pay to the City of Willoughby the annual required debt service payments on an existing revenue bond, until final maturity in 2032. If the City and Authority agree to refinance this bond at any time, then the Authority will make the new debt service payments.

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The annual requirements to retire these obligations are as follows:

Year Ending December 31,	Loan Payable to the City of Willoughby	
	Principal	Interest
2025	\$10,000	\$1,850
2026	10,000	1,650
2027	10,000	1,450
2028	10,000	1,225
2029	10,000	1,000
2030 - 2032	30,000	1,538
<i>Total</i>	<u>\$80,000</u>	<u>\$8,713</u>

***Agri-business Loan Program*** – Through a \$150,000 contribution from the Lake County Commissioners, the Authority will provide short-term financing to eligible agricultural businesses within the County through the Lake County Credit Relief Outreach Program (CROP). The program provides \$5,000 to \$25,000 short-term financing to eligible agricultural businesses for terms of 120 days or 180 days. 120 day loans will be financed with a minimum six percent rate and the longer 180-day loans will be financed with a minimum seven percent rate, with no prepayment penalty. There were no loans outstanding at December 31, 2024.

**Note 8 - Defined Benefit Pension Plan**

***Net Pension Liability (Asset)***

For purposes of measuring the net pension liability, 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 they are 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 Authority'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.

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

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.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description – The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Beginning January 1, 2022, new members may no longer select the combined plan, and current members may no longer make a plan change to the combined plan. While Authority employees may elect the member-directed plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377. Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information):

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

When a 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 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. A death benefit of \$500 to \$2,500 determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient.

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

	<u>State and Local</u>
<b>2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0%
Employee	10.0%
<b>2024 Actual Contribution Rates</b>	
Employer:	
Pension *	14.0%
Post-Employment Health Care Benefits	<u>0.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

\*These pension and employer health care rates are for the traditional plan. The employer contribution rate for the combined plan has allocated 2 percent for health care with the remainder going to pension.

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's 2024 contractual required contribution was \$32,832 for the traditional plan and \$10,674 for the combined plan. The entire amounts were used to fund pension benefits.

***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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional	OPERS Combined	OPERS Total
Proportion of the Net Pension Liability (Asset) Prior Measurement Date	0.001106%	0.014793%	
Proportion of the Net Pension Liability (Asset) Current Measurement Date	0.001173%	0.016198%	
Change in Proportionate Share	0.000067%	0.001405%	
Proportionate Share of the Net Pension Liability (Asset)	\$307,096	(\$49,790)	\$257,306
Pension Expense	\$57,173	\$1,067	\$58,240

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	OPERS Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$5,018	\$2,016	\$7,034
Net difference between projected and actual earnings on pension plan investments	61,984	8,096	70,080
Change of Assumptions	0	1,852	1,852
Change in proportionate share and difference between Authority contributions and proportionate share of contributions	17,433	302	17,735
Authority contributions subsequent to the measurement date	32,832	10,674	43,506
Total Deferred Outflows of Resources	\$117,267	\$22,940	\$140,207
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$4,929	\$4,929
Change in proportionate share and difference between Authority contributions and proportionate share of contributions	0	12,563	12,563
Total Deferred Inflows of Resources	\$0	\$17,492	\$17,492

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\$43,506 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. 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	OPERS Combined	OPERS Total
<b>Year Ending December 31:</b>			
2025	\$30,473	(\$1,547)	\$28,926
2026	23,235	(186)	23,049
2027	39,555	2,489	42,044
2028	(8,828)	(3,163)	(11,991)
2029	0	(1,262)	(1,262)
Thereafter	0	(1,557)	(1,557)
Total	<u>\$84,435</u>	<u>(\$5,226)</u>	<u>\$79,209</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2023, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

Wage Inflation	2.75%
Future Salary Increases, Including Inflation	2.75 % to 10.75 % (includes wage inflation at 2.75%)
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3% Simple; Post 1/7/2013 retirees: 2.3% Simple through 2024, then 2.05% Simple
Current Measurement Period - Investment Rate of Return	6.90 Percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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.

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**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent. 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 statutorily 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 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 real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, 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 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

**Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent), or one percentage point higher (7.9 percent) than the current rate.



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	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Authority's Proportionate Share of the Net Pension Liability (Asset) - Traditional	\$483,452	\$307,096	\$160,419
Authority's Proportionate Share of the Net Pension Liability (Asset) - Combined	(30,128)	(49,790)	(65,278)
Total OPERS	<u>\$453,324</u>	<u>\$257,306</u>	<u>\$95,141</u>

**Note 9 – Defined Benefit Other Postemployment Benefits (OPEB) Plan**

***Net OPEB Liability (Asset)***

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB 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 OPEB liability (asset) reported on the statement of net position represents a liability (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 is 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 Authority'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, cost trends and other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Authority's share of each plan's unfunded benefits is presented as a long-term *net other postemployment benefit liability (asset)* on the accrual basis of accounting.

Ohio Revised Code limits the Authority's obligation for liabilities to OPERS to annual required payments. The Authority cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plans are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

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GASB Statement No. 75 assumes the liability (asset) 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 cost-sharing, multiple-employer retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) 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.

***Plan Description—Ohio Public Employees Retirement System (OPERS)***

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan, and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Effective January 1, 2022, retirees must generally be at least age 65 with a minimum of 20 years of qualifying service credit, or a minimum of 30 years of qualifying service credit at any age, to qualify for health care benefits.

Beginning in 2016 for Medicare retirees enrolled in Medicare A and B, and beginning 2022 for non-Medicare retirees, eligible retirees were able to participate in the OPERS Connector (Connector) in lieu of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assists eligible retirees in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health care reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, the Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. A portion of each employer contribution may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to health care was zero for 2024 for the traditional and combined plans. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent.

***OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability (asset) was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability (Asset)	
Prior Measurement Date	0.00203600%
Proportion of the Net OPEB Liability (Asset)	
Current Measurement Date	0.00199700%
Change in Proportionate Share	-0.00003900%
Proportionate Share of the Net OPEB Liability (Asset)	(\$18,023)
OPEB Expense	(\$2,599)

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
<b>Deferred Outflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$10,824
Change of Assumptions	4,641
Change in proportionate share and difference between Authority contributions and proportionate share of contributions	245
Total Deferred Outflows of Resources	\$15,710
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$2,566
Change of Assumptions	7,748
Total Deferred Inflows of Resources	\$10,314

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No amount was reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. 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
<b>Year Ending December 31:</b>	
2025	(\$1,304)
2026	923
2027	8,427
2028	(3,654)
Total	<u>\$4,392</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs 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 coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members.

The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Key Methods and Assumptions used in Valuation of the Total OPEB Liability (asset):

Wage Inflation	2.75 Percent
Projected Salary Increases	2.75 - 10.75 Percent (includes wage inflation at 2.75 percent)
Single Discount Rate:	
Current Measurement Period	5.70 Percent
Prior Measurement Period	5.22 Percent
Investment Rate of Return	6.00 Percent
Municipal Bond Rate:	
Current Measurement Period	3.77 Percent
Prior Measurement Period	4.05 Percent
Health Care Cost Trend Rate:	
Current Measurement Period	5.50 Percent initial, 3.50 Percent ultimate in 2038
Prior Measurement Period	5.50 Percent initial, 3.50 Percent ultimate in 2036

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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

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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.

**Discount Rate** A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 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) a 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 actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit 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 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 real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation as of December 31, 2023	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
REIT's	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

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During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

***Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (asset) to Changes in the Discount Rate.*** The following table presents the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent and the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0 percent lower (4.70 percent) or 1.0 percent higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$9,905	(\$18,023)	(\$41,158)

***Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (asset) to Changes in the Health Care Cost Trend Rates.*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) 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:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's Proportionate Share of the Net OPEB Liability (Asset)	(\$18,772)	(\$18,023)	(\$17,174)

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 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 the health care 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.

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**Note 10 – Other Employee Benefits**

***A. Sick Days***

Full time employees earn sick leave benefits at the rate of fifteen (15) paid sick days per year using the anniversary date of hire for calculating the days. They will accumulate at the rate of 4.6 hours for each 80 hours of completed employment. There is no cash payout of unused sick days at the end of each year, therefore, there was no liability for accrued but unused sick days as of December 31, 2024.

***B. Vacation***

Full time employees are eligible for paid vacation time depending upon length of service. Vacation for full-time exempt and non-exempt employees is earned as follows:

During first year of employment	3.10 hours per 80 hours worked (10 days)
After first year of employment	15 days
After tenth year of employment	20 days
After twenty years of employment	25 days

Part-time employees shall receive the same vacation benefits as full-time employees, but the number of vacation days is to be prorated against the number of working hours recorded each week to determine vacation days. Example: during the first year, an employee who works 20 hours per week, will have earned 20 hours after six months of work, and immediately after working part-time for one full calendar year, will begin earning approximately 2.3 hours of vacation every two weeks.

If vacation is carried over no more than twenty days (20) will be allowed to be carried over. Vacation time earned and paid out after December 31<sup>st</sup> is reported as vacation benefits payable on the accompanying statement of net position.

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*Notes to the Basic Financial Statements  
December 31, 2024***Note 11 - Capital Assets**

A summary of the Authority's capital assets at December 31, 2024 follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$9,014,888	\$0	(\$91,040)	\$8,923,848
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings	1,338,305	0	(417,920)	920,385
Improvements other than Buildings	690,069	0	0	690,069
Furniture, Equipment and Vehicles	474,473	0	0	474,473
<b><i>Total Capital Assets, being depreciated:</i></b>	<b>2,502,847</b>	<b>0</b>	<b>(417,920)</b>	<b>2,084,927</b>
Less Accumulated Depreciation:				
Buildings	(360,572)	(34,161)	114,928	(279,805)
Improvements other than Buildings	(255,326)	(27,603)	0	(282,929)
Furniture, Equipment and Vehicles	(309,981)	(40,910)	0	(350,891)
<b><i>Total Accumulated Depreciation</i></b>	<b>(925,879)</b>	<b>(102,674)</b>	<b>114,928</b>	<b>(913,625)</b>
<b><i>Total Capital Assets being depreciated, net</i></b>	<b>1,576,968</b>	<b>(102,674)</b>	<b>(302,992)</b>	<b>1,171,302</b>
<b>Total Capital Assets, Net</b>	<b>\$10,591,856</b>	<b>(\$102,674)</b>	<b>(\$394,032)</b>	<b>\$10,095,150</b>

**Note 12 – Contingent Liabilities**

***Financial Assistance*** - The Authority receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Authority as of December 31, 2024.

***City of Willoughby*** - As a part of the transfer agreement to acquire the Lost Nation Airport, which is now called the Lake County Executive Airport, the Authority contingently agreed to repay the City of Willoughby for outstanding advances in the amount of \$750,000. The Authority will not be required to make any payments to the City until the Airport reports and deposits \$100,000 into a reserve fund for two consecutive years.

If the Airport does meet the \$100,000 criteria for two consecutive years, then the City and the Authority will agree upon a 30 year amortization. If the reserve fund drops below \$50,000 the Authority can stop making payments until it meets the original criteria again.



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**Note 13 - Risk Management**

***Commercial Insurance***

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 14 – Lake County Executive Airport (formerly known as the Willoughby Lost Nation Municipal Airport)**

During 2014, the Authority acquired, through transfer of ownership, the Willoughby Lost Nation Municipal Airport from the City of Willoughby, situated on approximately 420 acres in Willoughby and the City of Mentor. It is located approximately 3 miles north of downtown Willoughby and 16 miles east of downtown Cleveland.

As a part of this transfer of ownership, the Authority has agreed to take over the City's payments on an outstanding revenue bond in the amount of \$150,000 and is now obligated to make annual debt service payments to the City. This liability has been recorded on the Statement of Net Position as a loan payable to the City of Willoughby. The transfer agreement also contains a \$750,000 contingent liability if the Airport meets \$100,000 operating surpluses over two consecutive years. This contingent liability has not been recorded on the Statement of Net Position.

The Airport is a corporate airport that has two runways; runway 5-23 which is 5,013 feet long by 100 feet wide, and runway 10-28 which is 4,835 feet long by 100 feet wide. Facilities include AWOS III weather, a flight school, a full-service Fixed Base Operator (FBO) providing fuel, major airframe/power-plant repairs, aircraft tie-down and hangar storage. Both 100LL and Jet A fuel are available. 86 airplanes based (parked/hangered) at the Airport include single and multi-engine, turbo prop and jet with approximately 35-40 thousand aircraft operations (take offs/landings) annually. Additionally, there are 6 multi-tenant hangars to house private and corporate aircraft.

The Airport requests grant funds from the Federal Aviation Administration (FAA) Airport Improvement Program to make significant improvements to runways to provide a well maintained, first class airport to support the business community and economic health of Lake County, as a valuable tool for the attraction and expansion of business and industry in Lake County and the region.

During 2024, the Authority entered into an agreement with JTV Enterprises, LLC, to use and operate certain real property, a building, and a runway located at 1745 Lost Nation Road. The terms of the agreement are that JTV will pay the Authority \$1 per year for five years, starting in 2024. The initial agreement term runs from June 15, 2024, until June 15, 2029, and during that time, JTV is responsible for the construction and cost of paving the airport terminal ramp and parking area, in an amount not to exceed \$500,000. The cost of these improvements will be added to the initial historical cost of the assets held by the Airport, as

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construction progresses. At the end of the initial five-year period, JTV has the option to extend the terms of the agreement for five successive periods of five years each, at a cost of \$1,225, monthly, or \$14,700, annually.

**Note 15 – Note Receivable**

**Weston Inc.**

During 2018, the Authority sold a 10.667 acre parcel of land to Weston Inc. for \$533,350. The Authority was carrying the land at a value of \$158,750, resulting in a gain on sale of \$374,600. \$54,764 was received in 2024 and the balance will be received as follows:

<u>Year Ending December 31;</u>	<u>Amount</u>
2025	\$59,764
2026	64,764
2027	64,764
2028	42,384
Total	<u>\$231,676</u>

**Note 16 – Financed Purchase Agreement (Seller)**

**Rodewald Manufacturing** - In 2018, the Authority entered into a ten-year installment purchase agreement with Rodewald Manufacturing for property and a building located on South State Street in the City of Painesville. The Authority previously made certain improvements to the condition of property. The agreement commenced on October 1, 2018, and is scheduled to expire on September 30, 2028. The purchase price is \$500,000. Monthly payments will be made with payment amounts escalating at pre-determined intervals during the term of the agreement. Upon payment in full, the Authority will convey title to the purchaser or purchaser's nominee. The future minimum payments to be received under this agreement are as follows:

<u>Year Ending December 31;</u>	<u>Amount</u>
2025	\$60,000
2026	60,000
2027	60,000
2028	54,000
Total	<u>\$234,000</u>

The Authority recorded \$50,000 of income (on a straight-line basis) under this agreement for the year ended December 31, 2024.

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**Note 17 – Pending Litigation**

The Authority is currently engaged in an eminent domain process to acquire an approximately 234-foot strip of land to extend a public road to the county's public airport.

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**LAKE DEVELOPMENT AUTHORITY**  
Required Supplementary Information

*Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System (OPERS) - Traditional Plan  
Last Ten Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.0011730%	0.0011060%	0.0008260%	0.0009020%	0.0020410%	0.0018990%	0.0014790%	0.0014750%	0.0017920%	0.0027790%
Authority's Proportionate Share of the Net Pension Liability	\$307,096	\$326,713	\$71,865	\$133,567	\$403,417	\$520,098	\$232,026	\$334,947	\$310,397	\$335,179
Authority's Covered Payroll	\$196,286	\$165,193	\$119,943	\$127,022	\$289,507	\$256,457	\$195,438	\$210,508	\$299,058	\$340,667
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.45%	197.78%	59.92%	105.15%	139.35%	202.80%	118.72%	159.11%	103.79%	98.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

See accompanying notes to the required supplementary information.

**LAKE DEVELOPMENT AUTHORITY**  
*Required Supplementary Information*

*Schedule of the Authority's Proportionate Share of the Net Pension Asset  
Ohio Public Employees Retirement System (OPERS) - Combined Plan  
Last Ten Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.01619800%	0.01479300%	0.01380500%	0.01206700%	0.00211340%	0.00836800%	0.00821900%	0.00847800%	0.00226600%	0.02612600%
Authority's Proportionate Share of the Net Pension Asset	\$49,790	\$34,865	\$54,392	\$34,833	\$44,069	\$9,357	\$11,189	\$4,719	\$1,103	\$10,059
Authority's Covered Payroll	\$62,364	\$62,921	\$62,936	\$53,160	\$33,321	\$19,764	\$18,446	\$33,258	\$84,353	\$95,500
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	79.84%	55.41%	86.42%	65.52%	132.26%	47.34%	60.66%	14.19%	1.31%	10.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

See accompanying notes to the required supplementary information.

**LAKE DEVELOPMENT AUTHORITY**

*Required Supplementary Information*

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

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability (Asset)	0.00199700%	0.00203600%	0.00203100%	0.00205600%	0.00307400%	0.00299800%	0.00259000%	0.00254060%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	(\$18,023)	\$12,837	(\$63,614)	(\$36,629)	\$424,599	\$390,868	\$281,255	\$256,604
Authority's Covered Payroll	\$258,650	\$228,114	\$182,879	\$180,182	\$322,828	\$276,221	\$213,884	\$243,766
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-6.97%	5.63%	-34.78%	-20.33%	131.52%	141.51%	131.50%	105.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**LAKE DEVELOPMENT AUTHORITY***Required Supplementary Information**Schedule of Authority Pension Contributions**Ohio Public Employees Retirement System (OPERS) - Traditional Plan**Last Ten Years*

	2024	2023	2022	2021
Contractually Required Pension Contribution	\$32,832	\$27,480	\$23,127	\$16,797
Pension Contributions in Relation to the Contractually Required Contribution	(\$32,832)	(\$27,480)	(\$23,127)	(\$16,797)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority Covered Payroll	\$234,514	\$196,286	\$165,193	\$119,943
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information and amounts presented in Note 8.



2020	2019	2018	2017	2016	2015
\$17,782	\$40,531	\$35,904	\$25,407	\$25,261	\$35,887
(\$17,782)	(\$40,531)	(\$35,904)	(\$25,407)	(\$25,261)	(\$35,887)
\$0	\$0	\$0	\$0	\$0	\$0
\$127,022	\$289,507	\$256,457	\$195,438	\$210,508	\$299,058
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

**LAKE DEVELOPMENT AUTHORITY***Required Supplementary Information**Schedule of Authority Pension Contributions**Ohio Public Employees Retirement System (OPERS) - Combined Plan**Last Ten Years*

	2024	2023	2022	2021
Contractually Required Pension Contribution	\$10,674	\$8,731	\$8,809	\$8,811
Pension Contributions in Relation to the Contractually Required Contribution	(\$10,674)	(\$8,731)	(\$8,809)	(\$8,811)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority Covered Payroll	\$89,736	\$62,364	\$62,921	\$62,936
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information and amounts presented in Note 8.

2020	2019	2018	2017	2016	2015
\$7,442	\$4,665	\$2,767	\$2,398	\$3,991	\$10,122
(\$7,442)	(\$4,665)	(\$2,767)	(\$2,398)	(\$3,991)	(\$10,122)
\$0	\$0	\$0	\$0	\$0	\$0
\$53,160	\$33,321	\$19,764	\$18,446	\$33,258	\$84,353
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

**LAKE DEVELOPMENT AUTHORITY***Required Supplementary Information**Schedule of Authority OPEB Contributions**Ohio Public Employees Retirement System (OPERS)**Last Ten Years*

	2024	2023	2022	2021
Contractually Required OPEB Contribution	\$0	\$0	\$0	\$0
OPEB Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority Covered Payroll	\$324,250	\$258,650	\$228,114	\$182,879
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information and amounts presented in Note 9.

2020	2019	2018	2017	2016	2015
\$0	\$0	\$0	\$1,954	\$4,875	\$7,668
\$0	\$0	\$0	(\$1,954)	(\$4,875)	(\$7,668)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$180,182	\$322,828	\$276,221	\$213,884	\$243,766	\$383,411
0.00%	0.00%	0.00%	0.91%	2.00%	2.00%

**Lake Development Authority**  
Lake County, Ohio

*Notes to Required Supplementary Information  
For the Year Ended December 31, 2024*

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**Net Pension Liability**

*Changes in Actuarial Assumptions and Methods – OPERS*

2024 - 2023: There were no OPERS pension plan amendments adopted or changes in assumptions used in the calculation of actuarial contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.2% to 6.9%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.5% to 7.2%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2016-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

*Changes in Benefit Terms - OPERS*

2024-2014: There were no changes in the benefit terms for the period.

**Net OPEB Liability (Asset)**

*Changes in Actuarial Assumptions and Methods – OPERS*

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 5.22% to 5.70%.
- The municipal bond rate decreased from 4.05% to 3.77%

## Lake Development Authority

Lake County, Ohio

### *Notes to Required Supplementary Information For the Year Ended December 31, 2024*

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2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 6.00% to 5.22%.
- The municipal bond rate increased from 1.84% to 4.05%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.5% to 5.5%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future from 7.5% to 10%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.5% to 8.5%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.0% to 10.5%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.5% to 6.0%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.5% to 10%.

2018: The single discount rate changed from 4.23% to 3.85%

#### *Changes in Benefit Terms – OPERS*

2024 - 2023: There were no changes in benefit terms for the period.

2022: Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

2021: There were no changes in benefit terms for the period.

**Lake Development Authority**

Lake County, Ohio

*Notes to Required Supplementary Information  
For the Year Ended December 31, 2024*

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2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.



**LAKE DEVELOPMENT AUTHORITY  
LAKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TREASURY</b>		
<i>Passed Through Ohio Environmental Protection Agency</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$1,393,539
Total U.S. Department of Treasury		<b>1,393,539</b>
<b>U.S. DEPARTMENT OF FEDERAL AVIATION ADMINISTRATION</b>		
<i>Direct Program</i>		
Airport Improvement Program	20.106	1,437,462
Total U.S. Department of Federal Aviation Administration		<b>1,437,462</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$2,831,001</b>

*The accompanying notes are an integral part of this schedule.*

**LAKE DEVELOPMENT AUTHORITY  
LAKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2024. 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

**NOTE D - MATCHING REQUIREMENTS**

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



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

Lake Development Authority  
Lake County  
105 Main Street, 5<sup>th</sup> floor  
Painesville, Ohio 44077

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major fund of the Lake Development Authority, Lake County, Ohio (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 16, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER  
Ohio Auditor of State



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

September 16, 2025



65 East State Street  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Lake Development Authority  
Lake County  
105 Main Street, 5<sup>th</sup> floor  
Painesville, Ohio 44077

To the Board of Directors:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Lake Development Authority's, Lake County, Ohio (the Authority) 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 Development Authority's major federal programs for the year ended December 31, 2024. Lake Development Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Lake Development Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

The Authority'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 Authority'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 Authority'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 Authority'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 Authority'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 Authority'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 Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER  
Ohio Auditor of State



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

September 16, 2025

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**LAKE DEVELOPMENT AUTHORITY  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	None
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	None
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	None
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	None
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	None
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	None
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>➤ Coronavirus State and Local Fiscal Recovery Funds AL# 21.027</li> <li>➤ Airport Improvement Program AL# 20.106</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

# OHIO AUDITOR OF STATE KEITH FABER



**LAKE DEVELOPMENT AUTHORITY**

**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 9/30/2025**

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](http://www.ohioauditor.gov)