NORTH EAST OHIO NETWORK
MAHONING COUNTY

REGULAR AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022-2021

OHIO AUDITOR OF STATE
KEITH FABER

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Governing Board
North East Ohio Network
721 Boardman Poland Road, Suite 103
Boardman, Ohio 44512

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 04, 2024

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North East Ohio Network
Mahoning County

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December 31, 2021: Prepared by Management

CANTER & ASSOCIATES
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INDEPENDENT AUDITOR'S REPORT

North East Ohio Network
Mahoning County
721 Boardman-Poland, Road., Suite 103
Boardman, Ohio 44512

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the North East Ohio Network (the Organization), Mahoning County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the North East Ohio Network, Mahoning County, Ohio, as of December 31, 2022 and 2021, and the respective changes in financial position thereof for the years ended December 31, 2022 and 2021 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 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 North East Ohio Network, Mahoning County, Boardman, Ohio, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 10 (2022) and Note 11 (2021) to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization. As discussed in Note 3, during the year the Organization also adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No 87, *"Leases"*. Our opinion was not modified with respect to these matters.

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 North East Ohio Network'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 generally accepted auditing standards 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 generally accepted auditing standards 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 North East Ohio Network'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 North East Ohio Network'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 this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Postemployment Benefit Liabilities, Pension and Postemployment Benefit Contributions and Net Pension Asset, listed in the table of contents, to supplement the basic financial statements. Such information, 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 Organization's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance-budget and actual and the schedule of funds administered for county boards are presented for purposes of additional analysis and are 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, schedule of revenues, expenditures, and changes in fund balance-budget and actual and the schedule of funds administered for county boards are 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 27, 2023, on our consideration of the Organization'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 Organization '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 Organization's internal control over financial reporting and compliance.

CANTER & ASSOCIATES

Poland, Ohio
September 27, 2023

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

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

Overall:

- The assets and deferred outflows of the Organization exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2022, by $728,772 (net position).

- At the end of the current fiscal year, the Organization's general fund reported an ending fund balance of $1,492,884, of which $1,487,135 is available to fund future operations.

- The Organization's total net position increased by $745,092 from 2021.

- The Organization's total net pension liability decreased to $367,940 from $728,693 and the OPEB asset increased to $153,068, from $94,516, a combined net increase to net position of $419,305. For more information on this liability and asset see Notes 6 and 7 to the basic financial statements.

Using these Basic Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Organization, presenting both an aggregate view of the Organization's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the Organization's most significant fund which, in the case of North East Ohio Network, is the general fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the Organization's net position and changes in that position. This change in net position is important because it tells the reader that, for the Organization as a whole, the financial position of the Organization has improved or diminished.

Reporting the Organization's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Organization, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Organization can be divided into two categories: governmental funds and fiduciary funds. Fund financial reports provide detailed information about the Organization's major fund which is the general fund which encompasses all of the Organization's non-fiduciary activities.

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

Because the focus of governmental funds is different than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The statements provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the basic financial statements begin on page 16 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Organization, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $734,011 at December 31, 2022 and by ($10,714) at December 31, 2021.

Table 1 provides a summary of the Organization's net position for 2022 and 2021.

	2022	(Restated) 2021	Increase (Decrease)
Assets:			
Cash and Investments	$1,586,671	$1,138,754	$447,917
Other Assets	172,898	260,298	(87,400)
Capital Assets, net	77,158	117,372	(40,214)
Total Assets	1,836,727	1,516,424	320,303
Deferred Outflows of Resources			
Pension	168,372	106,476	$61,896
OPEB	0	46,289	(46,289)
Total Deferred Outflows of Resources	168,372	152,765	15,607
Total Assets and Deferred Outflows	2,005,099	1,669,189	335,910
Liabilities:			
Current Liabilities	113,617	81,402	32,215
Long-term Liabilities:			
Due in One Year	38,834	43,018	(4,184)
Due in More than One Year	30,422	69,256	(38,834)
Net Pension Liability	367,940	728,693	(360,753)
Total Liabilities	550,813	922,369	(371,556)
Deferred Inflows of Resources			
Pension	549,532	434,801	$114,731
OPEB	175,982	328,339	(152,357)
Total Deferred Inflows of Resources	725,514	763,140	(37,626)
Total Liabilities and Deferred Inflows	1,276,327	1,685,509	(409,182)
Net Position:			
Net Investment in Capital Assets	7,902	5,098	2,804
Unrestricted (Deficit)	720,870	(21,418)	742,288
Total Net Position	$728,772	($16,320)	$745,092

The net pension liability (NPL) is the largest single liability reported by the Organization at December 31, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Organization 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 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 Organization'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 and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets increased by $320,303. This increase can be attributed to an overall increase in cash and receivables from the prior year.

Total liabilities decreased by $371,556. This decrease was due mostly to decreases in the net pension liability.

By comparing assets, deferred outflows, liabilities and deferred inflows, one can see the overall position of the Organization has improved as evidenced by the increase in net position of $745,092.

Table 2 below provides a summary of the changes in net position for 2022 and 2021.

Table 2
Change in Net Position
Governmental Activities

	2022	2021	Increase (Decrease)
Revenues			
Total Revenues	$1,829,092	$1,537,813	$291,279
Expenditures			
Total Expenditures	1,084,000	620,915	463,085
Change in Net Position	745,092	916,898	171,806
Net Position Beginning of Year – Restated	(16,320)	(933,218)	(916,898)
Net Position End of Year	$728,772	($16,320)	$745,092

FSS/FSP purchases decreased from 2021 and are the main reason for the large decrease in total expenditures.

Revenues increased in 2022 compared to 2021 due to an increase in support services and FSS/FSP County reimbursements.

Financial Analysis of the Organization's Funds

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

The general fund is the chief operating fund of the Organization. At December 31, 2022, the unassigned fund balance of the general fund was $1,487,135. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. At December 31, 2022, the unassigned fund balance represents approximately 95 percent of the total fund expenditures.

The fund balance of the Organization's general fund increased by $269,390 during the current year. Revenues were up by $291,279 while expenditures were up by $123,127. The increase in revenue is related to an increase in support services and FSS/FSP County reimbursements. The increase in expenses is due to increased wages and benefits.

General Fund Budgeting Highlights

The Organization's budget is prepared at the request of the Board and is based on accounting for certain transactions on the cash basis. The only budgeted fund is the General Fund.

Capital Assets and Debt Administration

Capital Assets: The Organization's investment in capital assets for its governmental activities as of December 31, 2022, amounts to $7,902 (net of accumulated depreciation/amortization). This investment in capital assets includes software, furniture and equipment and an intangible right to use lease for office space. Note 5 provides capital asset activity during 2022.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. North East Ohio Network has been organized to provide services on a cost efficient basis to the member County Boards of DD.

Contacting North East Ohio Network's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Organization's finances and to reflect the Organization's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director, North East Ohio Network, 721 Boardman-Poland Road, Boardman, Ohio 44512.

North East Ohio Network
Mahoning County, Ohio

Statement of Net Position
December 31, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	$1,586,671
Accounts Receivable	14,081
Prepaid Expenses	5,749
Net OPEB Asset	153,068
Capital Assets, Net of Accumulated Depreciation/Amortization	77,158
Total Assets	1,836,727
Deferred Outflows of Resources	
Pension	168,372
Total Assets and Deferred Outflows	2,005,099
Liabilities	
Current Liabilities:	
Due to other Governments	83,303
Accrued Wages and Benefits	30,314
Total Current Liabilities	113,617
Noncurrent Liabilities:	
Due Within One Year - Leases	38,834
Due in More than One Year - Leases	30,422
Net Pension Liability	367,940
Total Noncurrent Liabilities	437,196
Total Liabilities	550,813
Deferred Inflows of Resources	
Pension	549,532
OPEB	175,982
Total Deferred Inflows of Resources	725,514
Total Liabilities and Deferred Inflows of Resources	1,276,327
Net Position	
Net Investment in Capital Assets	7,902
Unrestricted (Deficit)	720,870
Total Net Position	$728,772

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Statement of Activities
For the Year Ended December 31, 2022

	Expenses		Net (Expense) Revenue and Change in Net Position — Governmental Activities
Governmental Activities			
Wages	$930,943		($930,943)
Employee Benefits	289,803		(289,803)
Payroll Taxes	53,855		(53,855)
Professional Fees	88,677		(88,677)
Office Expense	35,666		(35,666)
Rent & Utilities	11,359		(11,359)
Software	12,047		(12,047)
Telephone	16,937		(16,937)
Travel and Meals	23,733		(23,733)
Seminars and Training	17,838		(17,838)
Miscellaneous	31,364		(31,364)
Interest and Fiscal Charges	4,462		(4,462)
Depreciation/Amortization	40,214		(40,214)
Unallocated Pension & OPEB Expense	(472,898)		472,898
Total Governmental Activities	$1,084,000		(1,084,000)
		General Revenues	
		Family Support Services	839,927
		Major Unusual Incidents	47,219
		Membership Fees	112,000
		Quality Assurance	320,745
		Provider Training	145,501
		MAC Revenue	230,891
		Investment Earnings	67,381
		Other	65,428
		Total General Revenues	1,829,092
		Change in Net Position	745,092
		Net Position (Deficit) Beginning of Year - Restated (See Note 3)	(16,320)
		Net Position End of Year	$728,772

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Balance Sheet
Governmental Fund
December 31, 2022

	General
Assets	
Cash and Cash Equivalents	$1,586,671
Accounts Receivable	14,081
Prepaid Expenses	5,749
Total Assets	$1,606,501
Liabilities	
Accrued Wages and Benefits Payable	$30,314
Due to Other Governments	83,303
Total Liabilities	113,617
Fund Balance	
Nonspendable	5,749
Unassigned	1,487,135
Total Fund Balance	1,492,884
Total Liabilities and Fund Balance	$1,606,501

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Reconciliation of the Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2022

Total Governmental Fund Balance		$1,492,884
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		77,158
Some liabilities, including net pension/OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the fund.		
Net Pension Liability	(367,940)	
Net OPEB Asset	153,068	
Total		(284,128)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the fund.		
Deferred outflows of resources related to:		
Pension		168,372
Deferred inflows of resources related to pension and OPEB:		
Pension	(549,532)	
OPEB	(175,982)	
Total		(725,514)
Net Position of Governmental Activities		$728,772

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2022

	General
Revenues	
Family Support Services	831,102
Major Unusual Incidents	47,219
Membership Fees	120,825
Quality Assurance	320,745
Provider Training	145,501
MAC Revenue	230,891
Investment Earnings	67,381
Other	65,428
Total Revenues	1,829,092
Expenditures	
Wages	930,943
Employee Benefits	289,803
Payroll Taxes	53,855
Professional Fees	88,677
Office Expense	35,666
Rent & Utilities	52,769
Software	18,117
Telephone	16,937
Travel and Meals	23,733
Seminars and Training	17,838
Miscellaneous	31,364
Total Expenditures	1,559,702
Net Change in Fund Balance	269,390
Fund Balance Beginning of Year	1,223,494
Fund Balance End of Year	$1,492,884

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds		$269,390
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation/ amortization expense. This is the amount by which depreciation/ amortization exceeded capital outlay in the current period.		
Capital Outlay	0	
Current Year Depreciation/Amortization	(40,214)	
Total		(40,214)
Contractually required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports the impact as deferred outflows.		
Direct contributions:		
Pension		103,604
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability impact pension/OPEB expense in the statement of activities.		
Pension	204,314	
OPEB	164,980	
Total		369,294
Repayment of finance purchase and lease principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.		43,018
Change in Net Position of Governmental Activities		$745,092

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Fiduciary Net Position
Custodial Funds
December 31, 2022

	Custodial
Assets	
Equity in Pooled Cash and Cash and Equivalents	$23,358,540
Liabilities	
Due to Other Governments	$0
Net Position	
Restricted for Individuals, Organizations and Other Governments	$23,358,540

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

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

	Custodial
Additions	
Intergovernmental	$35,361,061
Deductions	
Deductions of Funds to Other Governments	33,167,880
Change in Fiduciary Net Position	2,193,181
Net Position Beginning of Year	21,165,359
Net Position End of Year	$23,358,540

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

Note 1 – Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the North East Ohio Network Council of Governments, Mahoning County (the Organization), with all the powers and authority vested in regional councils of government by Chapter 167 of the Ohio Revised Code as a body corporate and political. The Organization commenced operations in 1996. The Organization is governed by a 14-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating member County Boards are; Ashtabula, Columbiana, Cuyahoga, Geauga, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, and Wayne counties. Services provided include Family Support Services and other Locally Funded Programs, Waiver Administration, Major Unusual Incident Investigations, Quality Assurance Reviews, Provider Compliance Reviews, and Training. The primary purpose of the Organization is to coordinate the power and duties of the member boards to better benefit and serve individuals with developmental disabilities in each of the organization's member counties.

Note 2 - Summary of Significant Accounting Policies

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

A. Fund Accounting

The accounts of the Organization are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental Funds: Governmental funds are used to account for the Organization's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The Organization considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

General Fund: This fund is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund. Fiduciary funds: The agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for by using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the Organization holds for its member County Boards.

B. Basis of Presentation and Measurement Focus

For financial statement reporting purposes, the Organization is considered a single purpose governmental entity. The Organization's basic financial statements consist of fund financial statements presented with adjustments reconciling to government-wide financial statements.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Organization as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the Organization's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements - Fund financial statements report detailed information about the Organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fund Balance - The Organization reports classifications of fund balance based on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Organization's highest level of decision-making authority, the Board of Trustees.

Assigned - amounts that are constrained by the Organization's intent to be used for a specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Organization's formal purchasing procedure by the Executive Director. Through the Organization's purchasing policy, the Board of Trustees has given the Executive Director the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Organization applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Organization considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Custodial funds do not report a measurement focus as they do not report operations.

Expenditure Recognition: The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Cash Equivalents: The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments, primarily certificates of deposit, government securities, preferred stock, and corporate bonds, are stated at fair value.

Capital Assets: Capital assets include furniture, fixtures, and equipment owned by the Organization and intangible right to use leases. These assets are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial individual cost of $2,000 or more. Capital assets are stated on the basis of historical cost, or, if contributed, at fair market value on the dates received.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation/amortization is computed using the straight-line method over the useful lives of 5 to 10 years.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses.

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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow if resources (expense/expenditure) until then.

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Budgetary Information: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. The budget is prepared by the Executive Director, Finance Director, and the Operations Manager and approved by the Board of North East Ohio Network. As this is not required by State statute, the budget is not considered to be legally adopted. Budget amounts may be amended periodically by the Board.

State Cost Report Recovery or Repayment: Revenue from the State of Ohio for certain services provided by the Organization is based on tentative payment rates. Initial reimbursement or repayment is determined by the State after submission of annual cost reports. This initial determination is then subject to audit by the State. Revenue and expense is adjusted as required in subsequent periods based on final settlements. Settlements for calendar years through 2017 have been received or repaid. Although cost reports have been filed for 2018, 2019, 2021, and 2022, no determination has been made by the State of Ohio as to reimbursement or repayment.

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

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 borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

Note 3 – Change in Accounting Principles & Restatement of Prior Year Net Position

Change in Accounting Principles

For 2022, the Organization has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases", GASB Implementation Guide 2020-1, "*Implementation Guide Update – 2020*", GASB Statement No. 91 "Conduit Debt Obligations", and GASB Statement No. 92, "Omnibus 2020".

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use an underlying asset. The changes were incorporated into the Organization's financial statements and had an effect on the beginning net position of the Organization as reported below.

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

GASB Statement No. 91 requires recognition of certain conduit debt obligations of the issuer if they extend additional commitments or voluntary commitments to support the debt service in the event that the third party is, or will be, unable to do so. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Organization.

GASB Statement No. 92 aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Organization.

Restatement of Prior Year Net Position

The implementation of GASB Statement No. 87 had the following effect on governmental net position as of December 31, 2021:

	Governmental Activities
Net Position at December 31, 2021	($10,714)
Adjustments due to GASB 87:	
Intangible Right to Use Lease - Capital Assets	100,598
Lease Liability	(106,204)
Restated Net Position at December 31, 2021	($16,320)

Note 4 – Deposits and Investments

State statutes classify monies held by the Organization 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 Organization, 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 Organization 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 Organization'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.

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 Organization 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 Organization's name. During 2022, the Organization had no investments.

Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all Organization deposits was $1,586,671 and the bank balance of all Organization deposits was $1,565,740. $250,000 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and $1.315,740 was potentially exposed to custodial credit risk as discussed below.

At December 31, 2022, the carrying amount of all Organization custodial deposits was $23,358,540 and the bank balance of all Organization custodial deposits was $23,548,894. $2,392,567 of the custodial bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and $21,156,327 was potentially exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Organization will not be able to recover deposits or collateral securities that are in possession of an outside party. The Organization 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 Organization 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 2022, the Organization'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 Organization to a successful claim by the FDIC.

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, 2022:

Cash and Investments per Note Disclosure:	
Carrying amount of deposits - NEON	$1,586,671
Carrying amount of deposits - Custodial	23,358,540
Total	$24,945,211

Cash and Investments per Statement of Net Position:	
Governmental Funds	$1,586,671
Custodial Funds	23,358,540
Total	$24,945,211

Note 5 - Capital Assets

A summary of the Organization's capital assets at December 31, 2022 follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Capital Assets, being Depreciated/Amortized:				
Furniture and Fixtures	$12,442	$0	$0	$12,442
Office Equipment	114,798	0	0	114,798
Intangible Right to Use Lease*	182,906	0	0	182,906
Total being Depreciated/Amortized:	310,146	0	0	310,146
Less Accumulated Depreciation/Amortization:				
Furniture and Fixtures	(12,442)	0	0	(12,442)
Office Equipment	(98,022)	(3,633)	0	(101,655)
Intangible Right to Use Lease*	(82,308)	(36,581)	0	(118,889)
Total Accumulated Depreciation/Amortization	(192,772)	(40,214)	0	(232,986)
Total being depreciated/amortized, net	117,374	(40,214)	0	77,160
Total Capital Assets, Net	$117,374	($40,214)	$0	$77,160

Depreciation/amortization expense charged to governmental activities totaled $40,214 for 2022.

*Of the current year depreciation total of $40,214, $36,581 is presented as amortization expense on the Statement of Activities related to the Organization's intangible asset of buildings, which are included in the table above as an Intangible Right to Use Lease. With the implementation of GASB Statement No. 87, *Leases,* a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 6 - 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 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.

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

Ohio Revised Code limits the 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 plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members of the Authority may elect the member-directed plan and the combined plan, substantially all employees are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractual required contribution was $103,604 for 2022.

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, 2021, 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
Proportion of the Net Pension Liability (Asset) Prior Measurement Date	0.00492100%
Proportion of the Net Pension Liability (Asset) Current Measurement Date	0.00422900%
Change in Proportionate Share	-0.00069200%
Proportionate Share of the Net Pension Liability (Asset)	$367,940
Pension Expense	($204,314)

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

	OPERS Traditional
Deferred Outflows of Resources	
Differences between expected and actual experience	$18,757
Change of Assumptions	46,011
Organization contributions subsequent to the measurement date	$103,604
Total Deferred Outflows of Resources	$168,372
Deferred Inflows of Resources	
Differences between expected and actual experience	$8,070
Net difference between projected and actual earnings on pension plan investments	437,653
Change in proportionate share and difference between Organization contributions and proportionate share of contributions	103,809
Total Deferred Inflows of Resources	$549,532

$103,604 reported as deferred outflows of resources related to pension resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional
Year Ending December 31:	
2023	($140,545)
2024	(171,688)
2025	(102,911)
2026	(69,620)
Total	($484,764)

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, 2021, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	2.75 Percent
Future Salary Increases, Including Inflation	2.75 Percent to 10.75 Percent
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3 Percent Simple; Post 1/7/2013 retirees: 3 Percent Simple through 2022, then 2.05 Percent 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.

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

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, 2021, these best estimates are summarized in the following table:

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution 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 15.3 percent for 2021.

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. 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.

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.

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Organization's Proportionate Share of the Net Pension Liability (Asset) - Traditional	$970,090	$367,940	($133,129)

Note 7 – 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.

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)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

The ORC permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by Systems' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined Plans' employer contributions allocated to health care was zero in 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 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) for OPERS was measured as of December 31, 2021 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021 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	0.00528500%
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.00488700%
Change in Proportionate Share	-0.00039800%
Proportionate Share of the Net OPEB Liability (Asset)	($153,068)
OPEB Expense	($164,984)

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

	OPERS
Deferred Outflows of Resources	$0
Total Deferred Outflows of Resources	$0
Deferred Inflows of Resources	
Differences between expected and actual experience	$23,218
Net difference between projected and actual earnings on pension plan investments	72,974
Change of Assumptions	61,961
Change in proportionate share and difference between Organization contributions and proportionate share of contributions	17,829
Total Deferred Inflows of Resources	$175,982

No amount was reported as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2023	($112,814)
2024	(36,744)
2025	(15,944)
2026	(10,480)
Total	($175,982)

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 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 total OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 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)
Single Discount Rate:	
Current Measurement Period	6.00 Percent
Prior Measurement Period	6.00 Percent
Investment Rate of Return	6.00 Percent
Municipal Bond Rate:	
Current Measurement Period	1.84 Percent
Prior Measurement Period	2.00 Percent
Health Care Cost Trend Rate:	
Current Measurement Period	5.50 Percent initial, 3.50 Percent ultimate in 2034
Prior Measurement Period	8.50 Percent initial, 3.50 Percent ultimate in 2035

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.

A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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 weighing 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, 2021, 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	34.00 %	0.91 %
Domestic Equities	25.00	3.78
REIT's	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
Total	100.00 %	3.45 %

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2021.

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the project period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability (asset) calculated using the single discount rate of 6.0 percent and the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0 percent lower (5.0 percent) or 1.0 percent higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($90,019)	($153,068)	($205,401)

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 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. 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.

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 Trend Rate	1% Increase
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($154,722)	($153,068)	($151,106)

Note 8 – Risk Management

The Organization is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets, natural disasters; errors and omissions; and injuries to employees. The Organization maintains insurance to cover these risks. There has been no significant reduction in insurance coverage from the prior years. There have been no claims or settlements since the inception of the Organization.

Note 9 – Long-Term Obligations

Changes in the Organization's long-term obligations during 2022 were as follows:

	(Restated) Outstanding 1/1/2022	Additions	Reductions	Outstanding 12/31/2022	Amount Due In One Year
Lease	$106,204	$0	$36,948	$69,256	$38,834
Financed Purchase	6,070	0	6,070	0	0
Net Pension Liability	728,693	0	360,753	367,940	0
Total Long-Term Obligations	$ 840,967	$ 0	$ 403,771	$ 437,196	$ 38,834

Lease Payable – The Organization had a lease agreement outstanding at the beginning of the year for office space. Due to the implementation of GASB Statement No. 87, this lease has met the criteria of a lease thus requiring it to be recorded by the Organization. The lease will be amortized over the lease term since it is shorter than the useful life due to the Organization not taking ownership of the office space. A summary of the principal and interest amounts remaining for the lease are as follows:

	Lease		
Year Ending	2019 Office Space (Building)		
December 31,	Principal	Interest	Total
2023	$38,834	$2,576	$41,410
2024	30,422	636	31,058
Total	$69,256	$3,212	$72,468

The Organization pays obligations related to employee compensation from the general fund.

Note 10 – Covid-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plans in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

North East Ohio Network
Required Supplementary Information

Schedule of the Organization's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Organization's Proportion of the Net Pension Liabilit	0.0042290%	0.0049210%	0.0055630%	0.0062980%	0.0063630%	0.0072820%	0.0084180%	0.0094570%	0.0094570%
Organization's Proportionate Share of the Net Pension Liability	$367,940	$728,693	$1,099,565	$1,724,894	$998,231	$1,653,618	$1,458,104	$1,140,596	$1,114,834
Organization's Covered-Employee Payroll	$760,543	$788,243	$903,264	$850,707	$884,162	$884,161	$1,261,649	$1,395,890	$1,595,230
Organization's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	48.38%	92.45%	121.73%	202.76%	112.90%	187.03%	115.57%	81.71%	69.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

North East Ohio Network
Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017
Organization's Proportion of the Net OPEB Liability (Ass	0.0048870%	0.0052850%	0.0055610%	0.0060480%	0.0062600%	0.0074920%
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($153,068)	($94,156)	$768,119	$788,516	$679,790	$756,717
Organization's Covered-Employee Payroll	$760,543	$788,243	$903,264	$850,707	$953,070	$951,428
Organization's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	-20.13%	-11.95%	85.04%	92.69%	71.33%	79.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

North East Ohio Network
Required Supplementary Information

Schedule of Organization Contributions
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$103,604	$106,476	$110,354	$126,457	$119,099	$114,941	$106,099	$151,398	$167,507
Contributions in Relation to the Contractually Required Contribution	($103,604)	($106,476)	($110,354)	($126,457)	($119,099)	($114,941)	($106,099)	($151,398)	($167,507)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payrol	$740,029	$760,543	$788,243	$903,264	$850,707	$884,162	$884,161	$1,261,649	$1,395,890
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

(1) Information prior to 2014 available upon request.

North East Ohio Network
Required Supplementary Information

Schedule of Organization OPEB Contributions
Ohio Public Employees Retirement System (OPERS)
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$0	$0	$0	$0	$0	$10,217	$10,147	$11,601	$12,271
Contributions in Relation to the Contractually Required Contribution	$0	$0	$0	$0	$0	($10,217)	($10,147)	($11,601)	($12,271)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payroll	$740,029	$760,543	$788,243	$903,264	$850,707	$953,070	$951,428	$1,369,657	$1,481,382
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.07%	1.07%	0.85%	0.83%

(1) Information prior to 2014 available upon request.

Net Pension Liability

Changes in Actuarial Assumptions and Methods - OPERS

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

2022-2014: There were no changes in the benefit terms for the period.

Net OPEB Liability (Asset)

Changes in Actuarial Assumptions and Methods – OPERS

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: 70
- 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

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.

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.

North East Ohio Network
Mahoning County, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Family Support Services	$818,450	$818,450	$841,014	$22,564
Major Unusual Incidents	7,000	7,000	47,219	40,219
Membership Fees	112,000	112,000	120,825	8,825
Quality Assurance	331,470	331,470	330,159	(1,311)
Provider Training	127,850	127,850	139,507	11,657
MAC Revenue	184,000	184,000	230,891	46,891
Investment Earnings	63,000	63,000	67,381	4,381
Other	15,000	15,000	14,741	(259)
Total Revenues	1,658,770	1,658,770	1,791,737	132,967
Expenditures				
Wages	887,600	887,600	914,080	(26,480)
Employee Benefits	380,415	380,415	282,136	98,279
Payroll Taxes	57,610	57,610	53,855	3,755
Professional Fees	57,500	57,500	88,677	(31,177)
Office Expense	49,520	49,520	42,476	7,044
Rent & Utilities	55,410	55,410	52,907	2,503
Software	18,500	18,500	18,117	383
Telephone	23,340	23,340	16,937	6,403
Travel and Meals	35,000	35,000	23,733	11,267
Seminars and Training	17,900	17,900	17,838	62
Miscellaneous	43,200	43,200	31,364	11,836
Total Expenditures	1,625,995	1,625,995	1,542,120	83,875
Excess of Revenues Over (Under) Expenditures	32,775	32,775	249,617	216,842
Other Financing Sources (Uses)				
FSS/FSP County Reimbursements	850,000	850,000	2,447,921	1,597,921
FSS/FSP Purchases	(850,000)	(850,000)	(2,247,727)	(1,397,727)
Total Other Financing Sources (Uses)	0	0	200,194	200,194
Net Change in Fund Balance	32,775	32,775	449,811	417,036
Fund Balance Beginning of Year	814,327	814,327	814,327	0
Fund Balance End of Year	$847,102	$847,102	$1,264,138	$417,036

North East Ohio Network
Schedule of Funds Administered for County Boards
Year Ended December 31, 2022

	Ashtabula	Columbiana	Cuyahoga	Geauga	Lake	Lorain	Mahoning	Medina	Portage	Richland	Stark	Summit	Wayne	Total
Cash and Investment Balance - January 1, 2022	$ 1,680,155	$ 858,085	$ 470,145	$ 1,178,981	$ 5,175,137	$ 588,067	$ 99,464	$ 104,048	$ 1,752,855	$ 3,427,007	$ 865,628	$ 4,963,882	$ 1,905	$ 21,165,359
Funds Received	5,388,338.00	0.00	7,682,090.00	5,011,500.00	4,279,634.00	0.00	116,800.00	162,090.00	8,009,183.00	3,033,612.00	850,704.00	774,074.00	53,036.00	$ 35,361,061
Program Expenses	(5,506,999.00)	(108,294.00)	(6,448,211.00)	(4,631,643.00)	(4,895,315.00)	(588,067.00)	(163,037.00)	(183,472.00)	(5,038,886.00)	(3,740,116.00)	(1,036,482.00)	(779,091.00)	(48,267.00)	$ (33,167,880)
Cash and Investment Balance - December 31, 2022	$ 1,561,494	$ 749,791	$ 1,704,024	$ 1,558,838	$ 4,559,456	$ -	$ 53,227	$ 82,666	$ 4,723,152	$ 2,720,503	$ 679,850	$ 4,958,865	$ 6,674	$ 23,358,540

The discussion and analysis of North East Ohio Network (the "Organization") financial performance provides an overall review of the Organization's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Organization's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Organization's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

Overall:

- The assets and deferred outflows of the Organization were less than its liabilities and deferred inflows at the close of the year ended December 31, 2021, by $10,714 (net position).

- At the end of the current fiscal year, the Organization's general fund reported an ending fund balance of $1,223,494, of which $1,217,883 is available to fund future operations.

- The Organization's total net position increased by $922,504 which represents a 99 percent increase from 2020.

- The Organization's total net pension liability decreased to $728,693 from $1,099,565 and the OPEB liability decreased to a negative $94,156, from $768,119, a combined net decrease of $1,233,147. For more information on these liabilities see Notes 6 and 7 to the basic financial statements.

Using these Basic Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Organization, presenting both an aggregate view of the Organization's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the Organization's most significant fund which, in the case of North East Ohio Network, is the general fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Organization's net position and changes in that position. This change in net position is important because it tells the reader that, for the Organization as a whole, the financial position of the Organization has improved or diminished.

Reporting the Organization's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Organization, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Organization can be divided into two categories: governmental funds and fiduciary funds. Fund financial reports provide detailed information about the Organization's major fund which is the general fund which encompasses all of the Organization's non-fiduciary activities.

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

Because the focus of governmental funds is different than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The statements provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the basic financial statements begin on page 16 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Organization, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by ($10,714) at December 31, 2021 and by ($933,218) at December 31, 2020.

Table 1 provides a summary of the Organization's net position for 2021 and 2020.

	2021	2020	Increase (Decrease)
Assets:			
Cash and Investments	$1,138,754	$1,180,367	($41,613)
Other Assets	260,298	26,906	233,392
Capital Assets, net of accumulated dep.	16,774	20,407	(3,633)
Total Assets	1,415,826	1,227,680	188,146
Deferred Outflows of Resources			
Pension	106,476	169,084	($62,608)
OPEB	46,289	121,604	(75,315)
Total Deferred Outflows of Resources	152,765	290,688	(137,923)
Total Assets and Deferred Outflows	1,568,591	1,518,368	50,223
Liabilities:			
Current Liabilities	81,402	85,017	(3,615)
Long-term Liabilities:			
Due in One Year	6,070	9,734	(3,664)
Due in More than One Year	0	6,070	(6,070)
Net Pension Liability	728,693	1,099,565	(370,872)
Net OPEB Liability	0	768,119	(768,119)
Total Liabilities	816,165	1,968,505	(1,152,340)
Deferred Inflows of Resources			
Pension	434,801	323,548	$111,253
OPEB	328,339	159,533	168,806
Total Deferred Inflows of Resources	763,140	483,081	280,059
Total Liabilities and Deferred Inflows	1,579,305	2,451,586	(872,281)
Net Position:			
Net Investment in Capital Assets	10,704	4,603	6,101
Unrestricted (Deficit)	(21,418)	(937,821)	916,403
Total Net Position	($10,714)	($933,218)	$922,504

The net pension liability (NPL) is the largest single liability reported by the Organization at December 31, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Organization 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 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 Organization'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 and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets increased by $188,146. This increase can be attributed to an overall increase in cash and receivables from the prior year.

Total liabilities decreased by $1,152,340. This decrease was due mostly to decreases in the net pension and net OPEB liabilities.

By comparing assets, deferred outflows, liabilities and deferred inflows, one can see the overall position of the Organization has improved as evidenced by the increase in net position of $922,504.

Table 2 below provides a summary of the changes in net position for 2021 and 2020.

Table 2
Change in Net Position
Governmental Activities

	2021	2020	Increase (Decrease)
Revenues			
Total Revenues	$1,537,813	$1,950,943	($413,130)
Expenditures			
Total Expenditures	615,309	1,922,506	(1,307,197)
Change in Net Position	922,504	28,437	894,067
Net Position Beginning of Year	(933,218)	(961,655)	28,437
Net Position End of Year	($10,714)	($933,218)	$922,504

FSS/FSP purchases decreased $1,307,197 from 2020 and are the main reason for the large decrease in total expenditures.

Revenues decreased significantly in 2021 compared to 2020 due to a decrease in FSS/FSP County reimbursements.

Financial Analysis of the Organization's Funds

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

The general fund is the chief operating fund of the Organization. At December 31, 2021, the unassigned fund balance of the general fund was $1,217,883. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. At December 31, 2021, the unassigned fund balance represents approximately 85 percent of the total fund expenditures.

The fund balance of the Organization's general fund increased by $101,238 during the current year. Revenues were down by $413,130 while expenditures were also down by $1,307,197. The decrease in revenue is related to a decrease in FSS/FSP County reimbursements. The decrease in expenses is due to decreased FSS/FSP purchases.

General Fund Budgeting Highlights

The Organization's budget is prepared at the request of the Board and is based on accounting for certain transactions on the cash basis. The only budgeted fund is the General Fund.

Capital Assets and Debt Administration

Capital Assets: The Organization's investment in capital assets for its governmental activities as of December 31, 2021, amounts to $16,774 (net of accumulated depreciation). This investment in capital assets includes a copier lease, software, furniture and equipment. Note 5 provides capital asset activity during 2021.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. North East Ohio Network has been organized to provide services on a cost efficient basis to the member County Boards of DD.

Contacting North East Ohio Network's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Organization's finances and to reflect the Organization's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director, North East Ohio Network, 721 Boardman-Poland Road, Boardman, Ohio 44512.

North East Ohio Network
Mahoning County, Ohio

Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	$1,136,860
Cash and Cash Equivalents:	
With Fiscal Agents	1,894
Accounts Receivable	21,082
Intergovernmental Receivable	139,449
Prepaid Expenses	5,611
Net OPEB Asset	94,156
Capital Assets, Net of Accumulated Depreciation	16,774
Total Assets	1,415,826
Deferred Outflows of Resources	
Pension	106,476
OPEB	46,289
Total Deferred Outflows of Resources	152,765
Total Assets and Deferred Outflows	1,568,591
Liabilities	
Current Liabilities:	
Accounts Payable	6,810
Due to other Governments	14,891
Accrued Wages and Benefits	13,451
Unearned Revenue	46,250
Total Current Liabilities	81,402
Noncurrent Liabilities:	
Due Within One Year	6,070
Net Pension Liability	728,693
Total Noncurrent Liabilities	734,763
Total Liabilities	816,165
Deferred Inflows of Resources	
Pension	434,801
OPEB	328,339
Total Deferred Inflows of Resources	763,140
Total Liabilities and Deferred Inflows of Resources	1,579,305
Net Position	
Net Investment in Capital Assets	10,704
Unrestricted (Deficit)	(21,418)
Total Net Position	($10,714)

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Statement of Activities
For the Year Ended December 31, 2021

	Expenses		Net (Expense) Revenue and Change in Net Position — Governmental Activities
Governmental Activities			
Wages	$825,943		($825,943)
Employee Benefits	350,751		(350,751)
Payroll Taxes	39,954		(39,954)
Professional Fees	29,109		(29,109)
Office Expense	35,697		(35,697)
Rent & Utilities	52,576		(52,576)
Software	7,503		(7,503)
Telephone	22,536		(22,536)
Travel and Meals	15,856		(15,856)
Seminars and Training	12,284		(12,284)
Miscellaneous	34,632		(34,632)
Depreciation	3,633		(3,633)
Unallocated Pension & OPEB Expense	(815,165)		815,165
Total Governmental Activities	$615,309		(615,309)
		General Revenues	
		Family Support Services	549,322
		Major Unusual Incidents	4,631
		Membership Fees	84,000
		Quality Assurance	304,719
		Provider Training	275,018
		MAC Revenue	201,180
		Investment Earnings	13,165
		Other	105,778
		Total General Revenues	1,537,813
		Change in Net Position	922,504
		Net Position (Deficit) Beginning of Year	(933,218)
		Net Position (Deficit) End of Year	($10,714)

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Balance Sheet
Governmental Fund
December 31, 2021

	General
Assets	
Cash and Cash Equivalents	$1,136,860
Cash and Cash Equivalents:	
With Fiscal Agents	1,894
Accounts Receivable	21,082
Intergovernmental Receivable	139,449
Prepaid Expenses	5,611
Total Assets	$1,304,896
Liabilities	
Accounts Payable	$6,810
Accrued Wages and Benefits Payable	13,451
Due to Other Governments	14,891
Unearned Revenue	46,250
Total Liabilities	81,402
Fund Balance	
Nonspendable	5,611
Unassigned	1,217,883
Total Fund Balance	1,223,494
Total Liabilities and Fund Balance	$1,304,896

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Reconciliation of the Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balance		$1,223,494
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		16,774
Some liabilities, including net pension/OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the fund.		
Capital Lease Payable	(6,070)	
Net Pension Liability	(728,693)	
Net OPEB Asset	94,156	
Total		(640,607)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the fund.		
Deferred outflows of resources related to:		
Pension	106,476	
OPEB	46,289	
Total		152,765
Deferred inflows of resources related to pension and OPEB:		
Pension	(434,801)	
OPEB	(328,339)	
Total		(763,140)
Net Position of Governmental Activities		($10,714)

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2021

	General
Revenues	
Family Support Services	549,322
Major Unusual Incidents	4,631
Membership Fees	84,000
Quality Assurance	304,719
Provider Training	275,018
MAC Revenue	201,180
Investment Earnings	13,165
Other	105,778
Total Revenues	1,537,813
Expenditures	
Wages	825,943
Employee Benefits	350,751
Payroll Taxes	39,954
Professional Fees	29,109
Office Expense	35,697
Rent & Utilities	52,576
Software	17,237
Telephone	22,536
Travel and Meals	15,856
Seminars and Training	12,284
Miscellaneous	34,632
Total Expenditures	1,436,575
Net Change in Fund Balance	101,238
Fund Balance Beginning of Year	1,122,256
Fund Balance End of Year	$1,223,494

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds		$101,238
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	0	
Current Year Depreciation	(3,633)	
Total		(3,633)
Contractually required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports the impact as deferred outflows.		
Direct contributions:		
Pension		106,476
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability impact pension/OPEB expense in the statement of activities.		
Pension	511,675	
OPEB	197,014	
Total		708,689
Repayment of capital lease principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.		9,734
Change in Net Position of Governmental Activities		$922,504

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021

	Custodial
Assets	
Equity in Pooled Cash and Cash and Equivalents	$21,165,359
Liabilities	
Due to Other Governments	$0
Net Position	
Restricted for Individuals, Organizations and Other Governments	$21,165,359

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021

	Custodial
Additions	
Intergovernmental	$21,841,888
Deductions	
Deductions of Funds to Other Governments	18,642,347
Change in Fiduciary Net Position	3,199,541
Net Position Beginning of Year	17,965,818
Net Position End of Year	$21,165,359

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

Note 1 – Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the North East Ohio Network Council of Governments, Mahoning County (the Organization), with all the powers and authority vested in regional councils of government by Chapter 167 of the Ohio Revised Code as a body corporate and political. The Organization commenced operations in 1996. The Organization is governed by a 14-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating member County Boards are; Ashtabula, Columbiana, Cuyahoga, Geauga, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, and Wayne counties. Services provided include Family Support Services and other Locally Funded Programs, Waiver Administration, Major Unusual Incident Investigations, Quality Assurance Reviews, Provider Compliance Reviews, and Training. The primary purpose of the Organization is to coordinate the power and duties of the member boards to better benefit and serve individuals with developmental disabilities in each of the organization's member counties.

Note 2 - Summary of Significant Accounting Policies

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

A. Fund Accounting

The accounts of the Organization are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental Funds: Governmental funds are used to account for the Organization's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The Organization considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

General Fund: This fund is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund. Fiduciary funds: The agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for by using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the Organization holds for its member County Boards.

B. Basis of Presentation and Measurement Focus

For financial statement reporting purposes, the Organization is considered a single purpose governmental entity. The Organization's basic financial statements consist of fund financial statements presented with adjustments reconciling to government-wide financial statements.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Organization as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the Organization's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements - Fund financial statements report detailed information about the Organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fund Balance - The Organization reports classifications of fund balance based on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Organization's highest level of decision-making authority, the Board of Trustees.

Assigned - amounts that are constrained by the Organization's intent to be used for a specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Organization's formal purchasing procedure by the Executive Director. Through the Organization's purchasing policy, the Board of Trustees has given the Executive Director the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Organization applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Organization considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Custodial funds do not report a measurement focus as they do not report operations.

Expenditure Recognition: The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Cash Equivalents: The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments, primarily certificates of deposit, government securities, preferred stock, and corporate bonds, are stated at fair value.

Capital Assets: Capital assets include furniture, fixtures, and equipment owned by the Organization. These assets are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial individual cost of $2,000 or more. Capital assets are stated on the basis of historical cost, or, if contributed, at fair market value on the dates received.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is computed using the straight-line method over the useful lives of 5 to 7 years.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses.

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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow if resources (expense/expenditure) until then.

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Budgetary Information: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. The budget is prepared by the Executive Director, Finance Director, and the Operations Manager and approved by the Board of North East Ohio Network. As this is not required by State statute, the budget is not considered to be legally adopted. Budget amounts may be amended periodically by the Board.

State Cost Report Recovery or Repayment: Revenue from the State of Ohio for certain services provided by the Organization is based on tentative payment rates. Initial reimbursement or repayment is determined by the State after submission of annual cost reports. This initial determination is then subject to audit by the State. Revenue and expense is adjusted as required in subsequent periods based on final settlements. Settlements for calendar years through 2017 have been received or repaid. Although cost reports have been filed for 2018, 2019, 2020, and 2021, no determination has been made by the State of Ohio as to reimbursement or repayment.

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

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 borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

Note 3 – Change in Accounting Principles

For 2021, the Organization implemented Governmental Accounting Standards Board (GASB) Statement No. 89, "Accounting for Interest Cost Incurred before the End of Construction Period", GASB Statement No. 93 "Replacement of Interbank Offered Rates", GASB Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", and GASB Statement No. 98 "The Annual Comprehensive Financial Report".

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of Construction Period, was issued in June 2018 and is effective for reporting periods beginning after December 15, 2019. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. It also requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of this statement did not have an effect on the financial statements of the Organization.

GASB Statement No. 93 Replacement of Interbank Offered Rates, was issued in March 2020. The requirements of this Statement, other than paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods beginning after December 3, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021. The primary objectives of this Statement are to provide accounting and financial reporting guidance for those agreements which are dependent on the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The implementation of this statement did not have an effect on the financial statements of the Organization.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, was issued in June 2020 and has phased-in effective dates. This Statement excludes defined contribution pension, defined contribution OPEB, or certain other employee benefit plans from the financial accountability consideration for a potential component unit and requires the financial burden criteria in Statement No. 84, Fiduciary Activities, to be applicable to only trusted defined benefit pension and OPEB plans. This Statement requires Section 457 plans be classified as either a pension or OPEB plan on whether the plans meet the definition of a pension plan and subject to considerations under Statement No. 84. The implementation of this statement did not have an effect on the financial statements of the Organization.

GASB Statement No. 98, The Annual Comprehensive Financial Report, was issued in October 2021 and is effective for fiscal years ending after December 15, 2021. This statement replaces the term “Comprehensive Annual Financial Report” with “Annual Comprehensive Financial Report” throughout all authoritative literature. The implementation of this statement did not have an effect on the financial statements of the Organization.

Note 4 – Deposits and Investments

State statutes classify monies held by the Organization 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 Organization, 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 Organization 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 Organization'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.

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 Organization 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 Organization's name. During 2021, the Organization had no investments.

Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all Organization deposits was $1,138,754, which includes $1,894 of cash with fiscal agent, and the bank balance of all Organization deposits was $1,145,068. $251,894 of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and $893,174 was potentially exposed to custodial credit risk as discussed below.

At December 31, 2021, the carrying amount of all Organization custodial deposits was $21,165,359 and the bank balance of all Organization custodial deposits was $21,339,185. $2,716,470 of the custodial bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and $18,622,715 was potentially exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Organization will not be able to recover deposits or collateral securities that are in possession of an outside party. The Organization 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 Organization 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 2021, the Organization'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 Organization to a successful claim by the FDIC.

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, 2021:

Cash and Investments per Note Disclosure:	
Carrying amount of deposits - NEON	$1,136,860
Carrying amount of deposits - Custodial	21,165,359
Cash with fiscal agent	1,894
Total	$22,304,113

Cash and Investments per Statement of Net Position:	
Governmental Funds	$1,138,754
Custodial Funds	21,165,359
Total	$22,304,113

Note 5 - Capital Assets

A summary of the Organization's capital assets at December 31, 2021 follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Capital Assets, being depreciated:				
Furniture and Fixtures	$12,442	$0	$0	$12,442
Office Equipment	114,796	0	0	114,796
Total Capital Assets, being depreciated:	127,238	0	0	127,238
Less Accumulated Depreciation:				
Furniture and Fixtures	(12,442)	0	0	(12,442)
Office Equipment	(94,389)	(3,633)	0	(98,022)
Total Accumulated Depreciation	(106,831)	(3,633)	0	(110,464)
Total Capital Assets being depreciated, net	20,407	(3,633)	0	16,774
Total Capital Assets, Net	$20,407	($3,633)	$0	$16,774

Depreciation expense charged to governmental activities totaled $3,633 for 2021.

Note 6 - Defined Benefit Pension Plan

Net Pension Liability

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

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

Ohio Revised Code limits the Organization's obligation for this liability to annually required payments. The Organization cannot control benefit terms or the manner in which pensions are financed; however, the Organization 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 Organization participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members of the Organization may elect the member-directed plan and the combined plan, substantially all employees are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in thecombined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

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

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

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
2021 Actual Contribution Rates	
Employer:	
Pension **	14.0%
Post-Employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Organization's contractual required contribution was $106,476 for 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization'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
Proportion of the Net Pension Liability (Asset) Prior Measurement Date	0.00556300%
Proportion of the Net Pension Liability (Asset) Current Measurement Date	0.00492100%
Change in Proportionate Share	-0.00064200%
Proportionate Share of the Net Pension Liability (Asset)	$728,693
Pension Expense	($90,536)

At December 31, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional
Deferred Outflows of Resources	
Organization contributions subsequent to the measurement date	$106,476
Total Deferred Outflows of Resources	$106,476
Deferred Inflows of Resources	
Differences between expected and actual experience	$30,483
Net difference between projected and actual earnings on pension plan investments	284,022
Change in proportionate share and difference between Organization contributions and proportionate share of contributions	120,296
Total Deferred Inflows of Resources	$434,801

$106,476 reported as deferred outflows of resources related to pension resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. 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
Year Ending December 31:	
2022	($210,119)
2023	(70,169)
2024	(115,778)
2025	(38,735)
Total	($434,801)

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, 2020, using the following actuarial assumptions:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	3.25 Percent to 10.75 Percent
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3 Percent Simple; Post 1/7/2013 retirees: 3 Percent Simple through 2021, then 2.15 Percent Simple
Current Measurement Period - Investment Rate of Return	7.20 Percent
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for 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 is 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 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. 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.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Organization's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent), or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Organization's Proportionate Share of the Net Pension Liability (Asset) - Traditional	$1,389,986	$728,693	$178,829

Note 7 – 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 Organization'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 Organization'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 Organization's obligation for liabilities to OPERS to annual required payments. The Organization cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plans are financed; however, the Organization does receive the benefit of employees' services in exchange for compensation including OPEB.

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)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

The ORC permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by Systems' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined Plans' employer contributions allocated to health care was zero in 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

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

The net OPEB liability (asset) for OPERS was measured as of December 31, 2020 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2020 by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Organization's proportion of the net OPEB liability (asset) was based on the Organization'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	0.00556100%
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.00528500%
Change in Proportionate Share	-0.00027600%
Proportionate Share of the Net OPEB Liability (Asset)	($94,156)
OPEB Expense	($618,151)

At December 31, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Change of Assumptions	$46,289
Total Deferred Outflows of Resources	$46,289
Deferred Inflows of Resources	
Differences between expected and actual experience	$84,975
Net difference between projected and actual earnings on pension plan investments	50,148
Change of Assumptions	152,562
Change in proportionate share and difference between Organization contributions and proportionate share of contributions	40,654
Total Deferred Inflows of Resources	$328,339

No amount was reported as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2022	($157,063)
2023	(97,286)
2024	(21,791)
2025	(5,910)
Total	($282,050)

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 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 total OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

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

Wage Inflation	3.25 Percent
Projected Salary Increases	3.25 - 10.75 Percent (includes wage inflation)
Single Discount Rate:	
Current Measurement Period	6.00 Percent
Prior Measurement Period	3.16 Percent
Investment Rate of Return	6.00 Percent
Municipal Bond Rate:	
Current Measurement Period	2.00 Percent
Prior Measurement Period	2.75 Percent
Health Care Cost Trend Rate:	
Current Measurement Period	8.50 Percent initial, 3.50 Percent ultimate in 2035
Prior Measurement Period	10.50 Percent initial, 3.50 Percent ultimate in 2030

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

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS 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. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2019 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
REIT's	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the project period through which projected health care payments are fully funded.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability (asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability (asset) calculated using the single discount rate of 6.0 percent and the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0 percent lower (5.0 percent) or 1.0 percent higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($23,413)	($94,156)	($152,314)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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 Trend Rate	1% Increase
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($96,451)	($94,156)	($91,589)

Note 8 – Risk Management

The Organization is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets, natural disasters; errors and omissions; and injuries to employees. The Organization maintains insurance to cover these risks. There has been no significant reduction in insurance coverage from the prior years. There have been no claims or settlements since the inception of the Organization.

Note 9 – Commitments

Operating Leases:

The Organization rents office space under an operating lease expiring in 2024. Monthly rent expense for 2021 was $3,451, or $41,410 annually. Rent/utilities expense totaled $52,576 for 2021.

The Organization entered into a 63-month operating lease agreement for two Xerox Copiers commencing on August 1, 2016. Lease expense for 2021 was $6,358.

Note 10 – Long-Term Obligations

Changes in the Organization's long-term obligations during 2021 were as follows:

	Outstanding 1/1/2021	Additions	Reductions	Outstanding 12/31/2021	Amount Due In One Year
Capital Lease	$15,804	$0	$9,734	$6,070	$6,070
Net Pension Liability	1,099,565	0	370,872	728,693	0
Net OPEB Liability (Asset)	768,119	0	862,275	(94,156)	0
Total Long-Term Obligations	$ 1,883,488	$ 0	$ 1,242,881	$ 640,607	$ 6,070

The Organization pays obligations related to employee compensation from the general fund.

During 2019, the Organization entered into a three-year capital lease agreement with Dell for copiers. The lease commenced July 1, 2019 and will expire June 30, 2022.

The annual requirements to retire these obligations are as follows:

Year Ending	Capital Lease	
December 31,	Principal	Interest
2022	$6,070	$173
Total	$6,070	$173

Note 11 – Covid-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plans in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

North East Ohio Network
Required Supplementary Information

Schedule of the Organization's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Organization's Proportion of the Net Pension Liability	0.0049210%	0.0055630%	0.0062980%	0.0063630%	0.0072820%	0.0084180%	0.0094570%	0.0094570%
Organization's Proportionate Share of the Net Pension Liability	$728,693	$1,099,565	$1,724,894	$998,231	$1,653,618	$1,458,104	$1,140,596	$1,114,834
Organization's Covered-Employee Payroll	$788,243	$903,264	$850,707	$884,162	$884,161	$1,261,649	$1,395,890	$1,595,230
Organization's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	92.45%	121.73%	202.76%	112.90%	187.03%	115.57%	81.71%	69.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

North East Ohio Network
Required Supplementary Information

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

	2021	2020	2019	2018	2017
Organization's Proportion of the Net OPEB Liability (Asset)	0.0052850%	0.0055610%	0.0060480%	0.0062600%	0.0074920%
Organization's Proportionate Share of the Net OPEB Liability (Asset)	($94,156)	$768,119	$788,516	$679,790	$756,717
Organization's Covered-Employee Payroll	$788,243	$903,264	$850,707	$953,070	$951,428
Organization's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	-11.95%	85.04%	92.69%	71.33%	79.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

North East Ohio Network
Required Supplementary Information

Schedule of Organization Contributions
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Nine Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$106,476	$110,354	$126,457	$119,099	$114,941	$106,099	$151,398	$167,507	$191,428
Contributions in Relation to the Contractually Required Contribution	($106,476)	($110,354)	($126,457)	($119,099)	($114,941)	($106,099)	($151,398)	($167,507)	($191,428)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payrol	$760,543	$788,243	$903,264	$850,707	$884,162	$884,161	$1,261,649	$1,395,890	$1,595,230
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%

(1) Information prior to 2013 available upon request.

North East Ohio Network
Required Supplementary Information

Schedule of Organization OPEB Contributions
Ohio Public Employees Retirement System (OPERS)
Last Nine Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$0	$0	$0	$0	$10,217	$10,147	$11,601	$12,271	$11,601
Contributions in Relation to the Contractually Required Contribution	$0	$0	$0	$0	($10,217)	($10,147)	($11,601)	($12,271)	($11,601)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payrol	$760,543	$788,243	$903,264	$850,707	$953,070	$951,428	$1,369,657	$1,481,382	$1,681,530
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	1.07%	1.07%	0.85%	0.83%	0.69%

(1) Information prior to 2013 available upon request.

Net Pension Liability

Changes in Actuarial Assumptions and Methods - OPERS

There were no changes in the methods and assumptions used in the calculation of actuarially determined contributions during 2021.

Changes in Benefit Terms - OPERS

There were no changes in the benefit terms during 2021.

Net OPEB Liability (Asset)

Changes in Actuarial Assumptions and Methods – OPERS

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability (asset) since the prior measurement date:

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

Changes in Benefit Terms - OPERS

There were no changes in the benefit terms during 2021.

North East Ohio Network
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Family Support Services	$470,000	$470,000	$487,710	$17,710
Major Unusual Incidents	7,000	7,000	4,631	(2,369)
Membership Fees	120,255	120,255	135,700	15,445
Quality Assurance	315,689	315,689	293,549	(22,140)
Provider Training	199,250	199,250	275,018	75,768
MAC Revenue	240,000	240,000	201,180	(38,820)
Investment Earnings	9,230	9,230	13,165	3,935
Other	56,538	56,538	152,028	95,490
Total Revenues	1,417,962	1,417,962	1,562,981	145,019
Expenditures				
Wages	799,715	799,715	823,754	(24,039)
Employee Benefits	326,456	326,456	332,904	(6,448)
Payroll Taxes	11,792	11,792	39,954	(28,162)
Professional Fees	52,916	52,916	57,509	(4,593)
Office Expense	41,370	41,370	38,209	3,161
Rent & Utilities	54,910	54,910	52,832	2,078
Software	16,495	16,495	17,237	(742)
Telephone	23,436	23,436	22,914	522
Travel and Meals	45,000	45,000	15,856	29,144
Seminars and Training	6,070	6,070	12,284	(6,214)
Miscellaneous	44,616	19,616	34,692	(15,076)
Total Expenditures	1,422,776	1,397,776	1,448,145	(50,369)
Excess of Revenues Over (Under) Expenditures	(4,814)	20,186	114,836	94,650
Other Financing Sources (Uses)				
FSS/FSP County Reimbursements	475,000	475,000	985,180	510,180
FSS/FSP Purchases	(475,000)	(475,000)	(1,124,629)	(649,629)
Total Other Financing Sources (Uses)	0	0	(139,449)	(139,449)
Net Change in Fund Balance	(4,814)	20,186	(24,613)	(44,799)
Fund Balance Beginning of Year	838,940	838,940	838,940	0
Fund Balance End of Year	$834,126	$859,126	$814,327	($44,799)

North East Ohio Network
Schedule of Funds Administered for County Boards
Year Ended December 31, 2021

	Ashtabula	Columbiana	Cuyahoga	Geauga	Lake	Lorain	Mahoning	Medina	Portage	Richland	Stark	Summit	Wayne	Total
Cash and Investment Balance - January 1, 2021	$ 2,069,864	$ 324,883	$ 811,526	$ -	$ 5,311,533	$ 604,803	$ 199,262	$ 88,627	$ 369,433	$ 2,786,488	$ 310,457	$ 5,083,062	$ 5,880	$ 17,965,818
Funds Received	$ 3,074,448	$ 652,150	$ 3,115,042	$ 3,764,250	$ 3,954,802	$ -	$ 85,177	$ 200,670	$ 1,656,362	$ 3,599,565	$ 1,123,207	$ 586,215	$ 30,000	$ 21,841,888
Investment Earnings	-	-	-	-	-	-	-	-	-	-	-	-		$ -
Program Expenses	$ (3,464,157)	$ (118,948)	$ (3,456,423)	$ (2,585,269)	$ (4,091,198)	$ (16,736)	$ (184,975)	$ (185,249)	$ (272,940)	$ (2,959,046)	$ (568,036)	$ (705,395)	$ (33,975)	$ (18,642,347)
Bank Service Charges	-		-	-	-	-		-	-	-	-	-	-	$ -
Cash and Investment Balance - December 31, 2021	$ 1,680,155	$ 858,085	$ 470,145	$ 1,178,981	$ 5,175,137	$ 588,067	$ 99,464	$ 104,048	$ 1,752,855	$ 3,427,007	$ 865,628	$ 4,963,882	$ 1,905	$ 21,165,359

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

North East Ohio Network
Mahoning County
721 Boardman-Poland, Road., Suite 103
Boardman, Ohio 44512

To the Board of Trustees:

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, the financial statements of the governmental activities, the major fund (General), and the aggregate remaining fund information of the North East Ohio Network, Mahoning County (the Organization), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's financial statements and have issued our report thereon dated September 27, 2023, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Organization. Also, the Organization adopted new accounting guidance in Governmental Accounting Standards Board Statement 87, *"Leases"*.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canter & Assoc

CANTER & ASSOCIATES

Poland, Ohio

September 27, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

NORTH EAST OHIO NETWORK

MAHONING 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 1/16/2024

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