



**NORTHERN OHIO RURAL WATER
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

**OHIO AUDITOR OF STATE
KEITH FABER**



**NORTHERN OHIO RURAL WATER
HURON COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Northern Ohio Rural Water
Huron County
P.O. Box 96
Collins, Ohio 44826-0096

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Ohio Rural Water, Huron County, Ohio (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Northern Ohio Rural Water, Huron County, Ohio as of December 31, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension and other post-employment benefit liabilities (assets) and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 11, 2024

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**NORTHERN OHIO RURAL WATER
HURON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

The management's discussion and analysis of Northern Ohio Rural Water's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2023 and 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights are as follows:

- Total net position of the District increased \$3,358,526 or 11.1% in 2023. For 2022, the change in net position was an increase of \$3,220,965 or 11.9%.
- In 2023, the District had total revenues of \$11,302,602 and total expenses of \$7,944,076. Revenues and expenses in 2022 were \$10,508,309 and \$7,287,344, respectively.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District's financial activities. The statements of net position and statements of revenues, expenses and changes in net position provide information about the activities of the District, including all short-term and long-term financial resources and obligations. The statements of cash flows provides information about how the District finances and meets the cash flow needs of its operations.

Reporting the District's Financial Activities

Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows

These statements look at all financial transactions and ask the question, "How did the District perform financially during the year?" The statements of net position and the statements of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors-some financial, others not.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability (asset) and the net OPEB liability (asset) of the retirement systems. It also includes a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

The following table provides a summary of the District's net position for the past three years.

Net Position

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Assets							
Current and other assets	\$ 14,870,788	\$ 12,965,997	\$ 11,106,554	\$ 1,904,791	14.7%	\$ 1,859,443	16.7%
Net pension asset	53,659	86,606	66,324	(32,947)	-38.0%	20,282	30.6%
Net OPEB asset	-	271,558	148,958	(271,558)	-100.0%	122,600	82.3%
Capital assets, net	43,669,810	44,013,893	44,935,874	(344,083)	-0.8%	(921,981)	-2.1%
Total assets	58,594,257	57,338,054	56,257,710	1,256,203	2.2%	1,080,344	1.9%
Deferred outflows of resources							
Pension	902,629	309,927	205,729	592,702	191.2%	104,198	50.6%
OPEB	155,300	25,136	116,445	130,164	517.8%	(91,309)	-78.4%
Total deferred outflows of resources	1,057,929	335,063	322,174	722,866	215.7%	12,889	4.0%
Liabilities							
Current liabilities	2,685,474	2,603,064	2,649,846	82,410	3.2%	(46,782)	-1.8%
Noncurrent liabilities:							
Net pension liability	1,861,023	621,383	1,018,630	1,239,640	199.5%	(397,247)	-39.0%
Net OPEB liability	49,710	-	-	49,710	100.0%	-	0.0%
Other amounts	21,251,080	23,022,952	24,854,374	(1,771,872)	-7.7%	(1,831,422)	-7.4%
Total liabilities	25,847,287	26,247,399	28,522,850	(400,112)	-1.5%	(2,275,451)	-8.0%
Deferred inflows of resources							
Pension	72,221	787,387	465,115	(715,166)	-90.8%	322,272	69.3%
OPEB	16,395	280,574	455,127	(264,179)	-94.2%	(174,553)	-38.4%
Total deferred inflows of resources	88,616	1,067,961	920,242	(979,345)	-91.7%	147,719	16.1%
Net position							
Net investment in capital assets	20,834,614	19,429,248	18,565,168	1,405,366	7.2%	864,080	4.7%
Restatement of net position	-	-	676,811	-	N/A	(676,811)	-100.0%
Restricted	1,534,272	1,431,263	1,423,146	103,009	7.2%	8,117	0.6%
Unrestricted	11,347,397	9,497,246	6,471,667	1,850,151	19.5%	3,025,579	46.8%
Total net position	\$ 33,716,283	\$ 30,357,757	\$ 27,136,792	\$ 3,358,526	11.1%	\$ 3,220,965	11.9%

The net pension liability (asset) is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability (asset) is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension (asset), and the net OPEB (asset).

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability (asset) or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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 District 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/(asset) 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 District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. For the District, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at December 31, 2023 and 2022 by \$33,716,283 and \$30,357,757, respectively.

Capital assets represent a large portion of the District's net position. These capital assets are used to provide services to customers and are not available for future spending, therefore the net investment in capital assets is presented as a separate component of net position. A portion of the District's net position is reported as restricted, which represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to satisfy the District's obligations to its customers and creditors.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)**

As the preceding table illustrates, some of the most significant changes in net position were related to the District's net pension liability (asset) and net OPEB liability (asset), and the related deferred inflows/outflows of resources. These amounts will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the District's proportionate share of the net pension and net OPEB cost. Other significant changes in net position include an increase in current and other assets for both 2023 and 2022, which is primarily due to an increase in cash from operations. Also, other long-term liabilities continue to decrease as the District pays off its debt obligations.

The following table shows the District's revenues, expenses, and changes in net position over the past three years.

Change in Net Position

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operating revenues	\$ 10,612,790	\$ 10,205,991	\$ 9,409,431	\$ 406,799	4.0%	\$ 796,560	8.5%
Operating expenses	(7,017,738)	(6,288,467)	(5,728,802)	(729,271)	11.6%	(559,665)	9.8%
Operating income	3,595,052	3,917,524	3,680,629	(322,472)	-8.2%	236,895	6.4%
Nonoperating revenues	689,812	302,318	300,076	387,494	128.2%	2,242	0.7%
Nonoperating expenses	(926,338)	(998,877)	(1,061,928)	72,539	-7.3%	63,051	-5.9%
Nonoperating gain (loss)	(236,526)	(696,559)	(761,852)	460,033	-66%	65,293	-8.6%
Change in net position	3,358,526	3,220,965	2,918,777	137,561	4.3%	302,188	10.4%
Beginning net position	30,357,757	27,136,792	23,541,204	3,220,965	11.9%	3,595,588	15.3%
Restatement of net position	-	-	676,811	-	N/A	(676,811)	-100.0%
Ending net position	\$ 33,716,283	\$ 30,357,757	\$ 27,136,792	\$ 3,358,526	11.1%	\$ 3,220,965	11.9%

Net position increased \$3,358,526 in 2023, after increasing \$3,220,965 in 2022. The increase in operating revenues for both 2023 and 2022 are due to higher water sales as demand continues to rise. In addition, tap fees increased in 2023 after decreasing slightly in 2022. Operating expenses also increased in both 2023 and 2022 due in part to the higher demand. Also, over the last two years the District has reported higher pension expense and OPEB expense, which are calculated in accordance with GASB 68 and GASB 75, respectively. The only other significant change for 2023 was interest income (a nonoperating revenue). This increase was a result of rising interest rates and higher cash balances invested in interest-bearing accounts.

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**NORTHERN OHIO RURAL WATER
HURON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

The following table shows 2023 balances compared to 2022 and 2021:

**Capital Assets at December 31
(Net of Depreciation/Amortization)**

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Land	\$ 533,342	\$ 533,342	\$ 533,342	\$ -	0.0%	\$ -	0.0%
Easements	433,298	425,883	420,343	7,415	1.7%	5,540	1.3%
Construction in progress	1,015,434	879,106	723,879	136,328	15.5%	155,227	21.4%
Buildings	1,726,868	1,785,384	1,843,900	(58,516)	-3.3%	(58,516)	-3.2%
Tanks, stations, lines, meters, and taps	39,225,093	39,579,624	40,514,949	(354,531)	-0.9%	(935,325)	-2.3%
Furniture and fixtures	47,785	58,184	83,594	(10,399)	-17.9%	(25,410)	-30.4%
Vehicles and distribution equip.	669,690	727,611	784,649	(57,921)	-8.0%	(57,038)	-7.3%
Lease assets: equipment	18,300	24,759	31,218	(6,459)	-26.1%	(6,459)	-20.7%
Total capital assets, net	\$ 43,669,810	\$ 44,013,893	\$ 44,935,874	\$ (344,083)	-0.8%	\$ (921,981)	-2.1%

The District's largest capital asset category is its water distribution infrastructure which includes tanks, stations, lines, meters, and taps. The overall decrease in capital assets for 2023 is due to depreciation/amortization of \$2,192,845 exceeding capital asset additions of \$1,848,762. For 2022, capital asset additions and depreciation/amortization expense amounted to \$1,259,026 and \$2,181,007, respectively. Most of the additions in both 2023 and 2022 were infrastructure improvements or construction projects related to infrastructure.

See Note 5 in the notes to the basic financial statements for detail on the District's capital assets.

Debt Administration

The following table summarizes the District's long-term debt outstanding at December 31, 2023, 2022, and 2021.

Long-term Debt at December 31

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
OWDA loans	\$ 7,714,139	\$ 8,700,878	\$ 9,735,104	\$ (986,739)	-11.3%	\$ (1,034,226)	-10.6%
Revenue bonds	3,755,000	3,841,200	3,924,600	(86,200)	-2.2%	(83,400)	-2.1%
Notes payable	11,346,189	12,042,567	12,711,002	(696,378)	-5.8%	(668,435)	-5.3%
Lease liability	19,868	26,236	32,294	(6,368)	-24.3%	(6,058)	-18.8%
Total long-term debt	\$ 22,835,196	\$ 24,610,881	\$ 26,403,000	\$ (1,775,685)	-7.2%	\$ (1,792,119)	-6.8%

There were no additions to long-term debt in 2023 or 2022. Principal payments amounted to \$1,775,685 in 2023 and \$1,792,119 in 2022. See Note 6 in the notes to the basic financial statements for detail on the District's long-term debt.

Current Financial Related Activities

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)**

The District continues to grow at a rate of 3% annually, extending our system as requested by customers when feasible by the District. This expansion occasionally requires debt financing in the form of bonds, loans and notes payable. The District continues to utilize operating profits for asset management (i.e., new vehicles and construction equipment) and new lines for potential customers to assist in fortifying the system, which helps keep debt financing to a minimum. As a result, the District has not incurred any new debt obligations since 2016.

Contacting the District's Financial Management

This financial report is designed to provide our customers, bondholders, creditors, and other interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report and requests for additional information should be directed to Northern Ohio Rural Water, P.O. Box 96, Collins, Ohio 44826.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,301,330	\$ 9,461,465
Restricted cash (Note 11)	227,812	215,485
Cash and cash equivalents - custodial funds	37,050	37,724
Receivables:		
Trade (net of allowance for doubtful accounts of \$11,591 in 2023 and \$11,642 in 2022)	616,976	637,134
Unbilled	582,314	695,897
Tap installments	114,821	25,226
Other	85,642	83,712
Custodial funds	30,348	29,655
Inventory	274,935	259,917
Prepaid expenses	23,308	18,002
Total current assets	13,294,536	11,464,217
Noncurrent assets:		
Restricted cash (Note 11)	1,252,801	1,215,778
Capital assets, not depreciated/amortized:		
Land	533,342	533,342
Easements	433,298	425,883
Current construction	1,015,434	879,106
Capital assets, depreciated/amortized:		
Buildings	2,340,650	2,340,650
Tanks, stations, lines, meters, and taps	79,011,145	77,486,816
Furniture and fixtures	591,279	578,608
Vehicles and distribution equipment	2,630,047	2,602,487
Right to use - lease assets	32,294	32,294
Less accumulated depreciation/amortization	(42,917,679)	(40,865,293)
Total capital assets, net	43,669,810	44,013,893
Total noncurrent assets	44,922,611	45,229,671
Other assets:		
CoBank investment (Note 12)	322,451	285,002
Organization costs	1,000	1,000
Net pension asset (Note 8)	53,659	86,606
Net OPEB asset (Note 9)	-	271,558
Total other assets	377,110	644,166
Total assets	58,594,257	57,338,054
Deferred outflows of resources:		
Pension (Note 8)	902,629	309,927
OPEB (Note 9)	155,300	25,136
Total deferred outflows of resources	1,057,929	335,063
Total assets and deferred outflows of resources	\$ 59,652,186	\$ 57,673,117

- Continued

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022
(CONTINUED)

	2023	2022
Liabilities:		
Current liabilities:		
Accounts payable	\$ 279,096	\$ 206,252
Projects and retainage payable	869	844
Tenant deposits	68,250	71,050
Accrued expenses:		
Wages	69,848	63,073
Compensated absences	195,302	170,057
Payroll taxes	46,406	24,805
Interest	200,274	223,919
Undistributed monies - custodial funds	67,398	67,379
Current portion of long-term liabilities:		
Lease liability	6,693	6,368
Loans payable	938,125	986,740
Notes payable	724,213	696,377
Bonds payable	89,000	86,200
Total current liabilities	2,685,474	2,603,064
Noncurrent liabilities:		
Future tap installations	173,915	187,756
Long-term liabilities (Note 6):		
Lease liability	13,175	19,868
Loans payable	6,776,014	7,714,138
Notes payable	10,621,976	11,346,190
Bonds payable	3,666,000	3,755,000
Net pension liability	1,861,023	621,383
Net OPEB liability	49,710	-
Total noncurrent liabilities	23,161,813	23,644,335
Total liabilities	25,847,287	26,247,399
Deferred inflows of resources:		
Pension	72,221	787,387
OPEB	16,395	280,574
Total deferred inflows of resources	88,616	1,067,961
Total liabilities and deferred inflows of resources	25,935,903	27,315,360
Net position:		
Net investment in capital assets	20,834,614	19,429,248
Restricted	1,534,272	1,431,263
Unrestricted	11,347,397	9,497,246
Total net position	\$ 33,716,283	\$ 30,357,757

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating revenues:		
Water sales	\$ 9,884,295	\$ 9,742,569
Tap fees	728,495	463,422
Total operating revenues	10,612,790	10,205,991
Operating expenses:		
Advertising	3,156	2,704
Audit fees	15,662	15,662
Communication equipment	61,959	44,694
Depreciation and amortization	2,192,845	2,181,007
Distribution supplies	243,843	183,806
Dues and subscriptions	10,645	12,056
Electric pump station and tanks	233,727	195,116
Engineering fees	18,681	6,566
Fuel	87,024	94,176
Insurance	470,160	364,484
Legal and professional fees	173,208	168,786
Licenses and permits	25,106	26,964
Maintenance and repairs	146,471	134,046
Office equipment lease	2,367	1,920
Office supplies and expense	75,723	58,546
Payroll taxes	37,788	29,251
OPERS	(80,550)	122,346
OPERS - Pension (Note 8)	219,681	(54,030)
OPERS - OPEB (Note 9)	(70,536)	(196,677)
Postage	70,428	67,576
Tap fee refunds	8,250	6,375
Telephone and utilities	46,355	42,974
Travel, mileage, and education	67,455	62,757
Wages	1,469,508	1,258,776
Water purchases	1,488,782	1,458,586
Total operating expenses	7,017,738	6,288,467
Operating income	\$ 3,595,052	\$ 3,917,524

- Continued

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(CONTINUED)

	2023	2022
Nonoperating revenues (expenses):		
Credit card fees	\$ (2,503)	\$ (2,109)
Discounts earned	6,025	5,160
EPA income	18,757	18,168
EPA expense	(19,067)	(19,067)
Interest income	377,083	16,654
Interest expense	(904,819)	(976,668)
Line maintenance reimbursements	54,994	20,191
Miscellaneous	136,704	148,073
Reconnection fees	27,754	26,900
Insurance billing service fees	25,001	22,500
Sewer billing service fees	13,840	11,072
Gain on disposal of capital assets	29,654	33,600
Uncollectible accounts expense	51	(1,033)
Total nonoperating revenues (expenses)	(236,526)	(696,559)
Change in net position	3,358,526	3,220,965
Net position - beginning of period	30,357,757	27,136,792
Net position - end of period	\$ 33,716,283	\$ 30,357,757

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Cash received from customers	\$ 10,658,662	\$ 10,103,267
Cash received from custodial accounts	427,886	426,155
Cash payments for custodial accounts	(428,560)	(424,748)
Cash payments to suppliers for goods and services	(2,733,199)	(2,709,791)
Cash payments to employees and professional contractors for services	(2,112,950)	(1,814,275)
	<u>5,811,839</u>	<u>5,580,608</u>
Net cash provided by operating activities		
Cash flows from noncapital financing activities:		
Proceeds from developer, hydrant maintenance, and reconnection fees	27,754	26,900
Proceeds from discounts earned, EPA and tower income	24,782	23,328
Proceeds from line maintenance reimbursements	54,994	20,191
Proceeds from sales of capital assets	29,654	33,600
Proceeds from other nonoperating activities	152,795	161,502
	<u>289,979</u>	<u>265,521</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,848,762)	(1,309,684)
Purchase of investments	(37,449)	(39,633)
Repayment of principal on long-term debt	(1,775,685)	(1,792,119)
Interest paid on long-term debt	(928,464)	(1,003,007)
	<u>(4,590,360)</u>	<u>(4,144,443)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Interest received	377,083	16,654
	<u>377,083</u>	<u>16,654</u>
Net increase in cash and cash equivalents	1,888,541	1,718,340
Cash and cash equivalents - beginning of period	10,930,452	9,212,112
Cash and cash equivalents - end of period	<u>\$ 12,818,993</u>	<u>\$ 10,930,452</u>

- Continued

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(CONTINUED)

	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,595,052	\$ 3,917,525
Adjustments:		
Depreciation and amortization	2,192,845	2,181,007
Custodial activities	(674)	1,407
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in:		
Receivables	43,453	(102,725)
Inventory	(15,018)	2,901
Prepaid expenses	(5,306)	268
Net pension asset	32,947	(20,282)
Net OPEB asset	271,558	(122,600)
Deferred outflows of resources - pension	(592,702)	(104,198)
Deferred outflows of resources - OPEB	(130,164)	91,309
Increase (decrease) in:		
Accounts payable	72,844	(59,994)
Tenant deposits	(2,800)	(4,000)
Accrued expenses	53,621	47,583
Undistributed monies - custodial funds	19	1,935
Future tap installations	(13,841)	-
Net pension liability	1,239,640	(397,247)
Net OPEB liability	49,710	-
Deferred inflows of resources - pension	(715,166)	322,272
Deferred inflows of resources - OPEB	(264,179)	(174,553)
Net cash provided by operating activities	\$ 5,811,839	\$ 5,580,608

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF THE ENTITY

Northern Ohio Rural Water (the District), formerly known as Erie Huron County Rural Water Authority, a regional water district, is a political subdivision of the State of Ohio. The District was incorporated for the purpose of providing a water supply for domestic, industrial, and public use to users within and without the District. The District is exempt from federal income tax. The District operates under a Board of Trustees which consists of as many members as equals the total number of villages and townships within the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the District receives value without directly giving equal value in return, such as grants and entitlements, are recognized in period when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 8 and 9 for deferred outflows of resources related to net pension liability (asset) and net OPEB liability (asset), respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 8 and 9 for deferred inflows of resources related to net pension liability (asset) and net OPEB liability (asset), respectively.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

Thirty days before the end of each fiscal year, a proposed budget of estimated revenues and expenditures for the succeeding fiscal year is submitted to the Board of Trustees by the General Manager. The Board of Trustees then approves the budget in its original or amended form.

After the budget is approved by the Board, the Board then makes appropriations of funds in accordance with said budget. Thereafter, the General Manager has the authority to authorize payment of any disbursement not to exceed \$50,000, provided there are sufficient funds appropriated and remaining in the account from which payment will be made. The Board may, from time-to-time, amend or supplement said appropriation of funds and may also transfer any part of a balance of an appropriation of any fund to any purpose or object for which the appropriation for the current fiscal year has proved insufficient.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in multiple bank accounts. Monies for the District are maintained in these accounts or temporarily used to purchase short-term investments. For presentation on the financial statements, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During fiscal year 2023, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

During fiscal year 2023, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

G. Capital Assets

The District maintains a capitalization threshold of \$1,000. Capital assets are recorded at historical cost, except for donated capital assets which are recorded at their acquisition value. Costs of major renewals, betterments, adaptations, or restorations that extend the useful lives or improve service capacity of capital assets are capitalized. The cost of normal maintenance and repairs that do not meet these requirements are not capitalized.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are depreciated/amortized except for land, easements and right of ways and construction in progress. Depreciation/amortization of capital assets is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water lines and water tanks	40 years
Tap installations	40 years
Pump stations	20 years
Buildings	40 years
Meter retro-fits	15 years
Water meters	15 years
Machinery, equipment, and office furniture	3 - 10 years
Intangible right to use - lease asset	5 years

The District reports intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

H. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets” consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Tap Fees

To receive service, customers are required to pay a tap fee which varies depending on when the deposit was made and the size of the meter. Fees are refundable in the event expansion does not occur in an area.

J. Compensated Absences Payable

Employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. After one year of service, employees are entitled to all accrued vacation leave upon termination.

Sick leave accumulates to employees at a rate of 4.6 hours for every 80 hours of service completed up to specified maximums. An employee shall be allowed to accumulate unlimited days of sick leave. Upon retirement, employees are entitled to a maximum of 500 hours of their accumulated sick leave balance. In the event of the employee's death, 100% of their accumulated sick leave balance would be paid to the employee's life insurance beneficiary. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses or death, a liability for unused sick leave is not recorded in the financial statements. The recorded accrued unused vacation for the year ended December 31, 2023 and 2022 is \$195,302 and \$170,057, respectively. The unrecorded estimated unused sick leave for the year ended December 31, 2023 and 2022 was \$530,165 and \$494,860, respectively.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Prepayments

Certain payments to vendors reflect the cost applicable to future accounting periods and are recorded as prepayments on the statement of net position. These items are reported using the consumption method. A current asset for prepaid amounts is recorded at the time of the purchase and the expense is reported in the period in which services are consumed.

L. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from those estimates.

M. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the District are charges to customers for water and taps. Operating expenses include the cost of the water and taps, administrative expenses, and depreciation/amortization on capital assets.

N. Trade Receivables

The District considers trade receivables to be collectible with an allowance for doubtful accounts of 1.5% on new billings for the final month of the quarter. The allowance is based on past experience.

O. Inventory

Inventory, which consists of raw materials, is stated using the dollar cost average method of accounting. Inventories are accounted for using the consumption method, in which the cost of inventory is recorded as an expense when used/consumed rather than when purchased.

P. 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 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 position have been determined on the same basis as they are reported by the pension/OPEB plan. 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 plans report investments at fair value.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

Effective January 1, 2022, the District has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, 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 District 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 monies 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.

Interim monies may 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 and 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of the settlement, bonds and other obligations of political subdivisions of the State of Ohio if training requirements have been met;
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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, 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 General Manager or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2023 and 2022, the carrying amount of all District deposits was \$7,722,644 and \$10,930,452, respectively, and the total bank balance of all District deposits was \$7,838,410 and \$11,040,079, respectively. None of bank balances were exposed to custodial credit risk, as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the District 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.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2023, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturity 6 months or less
Amortized Cost:		
STAR Ohio	\$ 5,096,349	\$ 5,096,349

The District's weighted average maturity for investments in STAR Ohio is 1 day.

Credit Risk: Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAM by Standard and Poor's.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. The following table includes the percentage of each investment type held by the District at December 31, 2023:

Measurement/ Investment type	Measurement Value	% of Total
Amortized Cost:		
STAR Ohio	\$ 5,096,349	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statements of net position as of December 31, 2023:

Cash and investments per note	
Carrying amount of deposits	\$ 7,722,644
Investments	5,096,349
Total	\$ 12,818,993
Cash and investments per statement of net position	
Business Type activities	\$ 12,818,993

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**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 - CAPITAL ASSETS

Capital asset activity for 2023 was as follows:

	Restated Balance 12/31/22	Additions	Deductions	Balance 12/31/23
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 533,342	\$ -	\$ -	\$ 533,342
Easements	425,883	7,415	-	433,298
Construction in progress	879,106	947,031	(810,703)	1,015,434
Total capital assets, not being depreciated/amortized	<u>1,838,331</u>	<u>954,446</u>	<u>(810,703)</u>	<u>1,982,074</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	2,340,650	-	-	2,340,650
Tanks, stations, lines, meters, and taps	77,486,816	1,524,329	-	79,011,145
Furniture and fixtures	578,608	12,671	-	591,279
Vehicles and distribution equipment	2,602,487	168,019	(140,459)	2,630,047
Intangible right to use - lease asset	32,294	-	-	32,294
Total capital assets, being depreciated/amortized	<u>83,040,855</u>	<u>1,705,019</u>	<u>(140,459)</u>	<u>84,605,415</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings	(555,266)	(58,516)	-	(613,782)
Tanks, stations, lines, meters, and taps	(37,907,192)	(1,878,860)	-	(39,786,052)
Furniture and fixtures	(520,424)	(23,070)	-	(543,494)
Vehicles and distribution equipment	(1,874,876)	(225,940)	140,459	(1,960,357)
Intangible right to use - lease asset	(7,535)	(6,459)	-	(13,994)
Total accumulated depreciation/amortization	<u>(40,865,293)</u>	<u>(2,192,845)</u>	<u>140,459</u>	<u>(42,917,679)</u>
Total capital assets, being depreciated/amortized net	<u>42,175,562</u>	<u>(487,826)</u>	<u>-</u>	<u>41,687,736</u>
Total capital assets, net	<u>\$ 44,013,893</u>	<u>\$ 466,620</u>	<u>\$ (810,703)</u>	<u>\$ 43,669,810</u>

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**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 - CAPITAL ASSETS - (Continued)

Capital asset activity for 2022 was as follows:

	Restated Balance 12/31/21	Additions	Deductions	Balance 12/31/22
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 533,342	\$ -	\$ -	\$ 533,342
Easements	420,343	5,540	-	425,883
Construction in progress	723,879	155,227	-	879,106
Total capital assets, not being depreciated/amortized	1,677,564	160,767	-	1,838,331
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	2,340,650	-	-	2,340,650
Tanks, stations, lines, meters, and taps	76,555,297	931,519	-	77,486,816
Furniture and fixtures	579,684	-	-	579,684
Vehicles and distribution equipment	2,633,127	166,740	(197,380)	2,602,487
Intangible right to use - lease asset	32,294	-	-	32,294
Total capital assets, being depreciated/amortized	82,141,052	1,098,259	(197,380)	83,041,931
<i>Less: accumulated depreciation/amortization:</i>				
Buildings	(496,750)	(58,516)	-	(555,266)
Tanks, stations, lines, meters, and taps	(36,040,348)	(1,866,844)	-	(37,907,192)
Furniture and fixtures	(496,090)	(25,410)	-	(521,500)
Vehicles and distribution equipment	(1,848,478)	(223,778)	197,380	(1,874,876)
Intangible right to use - lease asset	(1,076)	(6,459)	-	(7,535)
Total accumulated depreciation/amortization	(38,882,742)	(2,181,007)	197,380	(40,866,369)
Total capital assets, being depreciated/amortized net	43,258,310	(1,082,748)	-	42,175,562
Total capital assets, net	\$ 44,935,874	\$ (921,981)	\$ -	\$ 44,013,893

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$2,195,845 and \$2,181,007, respectively.

NOTE 6 - LONG-TERM OBLIGATIONS

The following tables summarizes the District's long-term obligations activity in 2023.

	Balance at 12/31/22	Additions	Reductions	Balance at 12/31/23	Due Within One Year
OWDA loans payable	\$ 8,700,878	\$ -	\$ (986,739)	\$ 7,714,139	\$ 938,125
Revenue bonds payable	3,841,200	-	(86,200)	3,755,000	89,000
Notes payable	12,042,567	-	(696,378)	11,346,189	724,213
Net pension liability	621,383	1,239,640	-	1,861,023	-
Net OPEB liability	-	49,710	-	49,710	-
Lease liability	26,236	-	(6,368)	19,868	6,693
Total	\$ 25,232,264	\$ 1,289,350	\$ (1,775,685)	\$ 24,745,929	\$ 1,758,031

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)

The following tables summarizes the District's long-term obligations activity in 2022.

	Restated Balance at 12/31/21	Additions	Reductions	Balance at 12/31/22	Due Within One Year
OWDA loans payable	\$ 9,735,104	\$ -	\$ (1,034,226)	\$ 8,700,878	\$ 986,740
Revenue bonds payable	3,924,600	-	(83,400)	3,841,200	86,200
Notes payable	12,711,002	-	(668,435)	12,042,567	696,377
Net pension liability	1,018,630	-	(397,247)	621,383	-
Lease liability	32,294	-	(6,058)	26,236	6,368
Total	\$ 27,421,630	\$ -	\$ (2,189,366)	\$ 25,232,264	\$ 1,775,685

The full faith and credit of the District have been irrevocably pledged to collateralize all of the loans, bonds, and notes payable. See Note 8 for more information on the net pension liability.

OWDA loans payable: The District borrowed a total of \$34,946,338 from the Ohio Water Development Authority (OWDA) from January 1, 1992 through December 31, 2014 for line expansions, tank rehabilitation, garage construction, and a membrane pilot study. The loans are being paid in semi-annual installments due on January 1 and July 1, including interest at rates ranging from 2.99% to 7.66%. The maturity dates range from July 1, 2016 to January 1, 2043.

Revenue bonds payable: Water Resource Improvement Revenue Bonds, Series 2010 were issued through the United States Department of Agriculture for the purpose of constructing various water resource projects. The total principal amount of the bond issue was \$4,567,000. The bonds require annual payments, including interest at 3.25%, with a final maturity date of September 1, 2050.

Notes payable: A promissory note with a total amount loaned of \$2,200,000 is due to CoBank. The note requires monthly principal and interest payments at a fixed interest rate per annum, with a minimum fixed period of 180 days that is quoted by CoBank. The final maturity date is October 20, 2033. The District signed a second promissory note to borrow an additional \$13,800,000 from CoBank. The note requires monthly payments, with interest at 3.85%, and the final maturity date is September 20, 2036.

Lease liability: The District has entered into a noncancelable lease agreement for the right to use equipment. A lease liability is reported for the present value of the future scheduled payments under the agreement. The initial term of the lease is five years. Payments are due monthly with the final payment due in October 2026.

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**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)

At December 31, 2023, the future payments on the District's loans, bonds, notes, and leases are as follows:

Year	Principal	Interest	Total
2024	\$ 1,758,031	\$ 855,010	\$ 2,613,041
2025	1,844,593	783,065	2,627,658
2026	1,933,274	708,923	2,642,197
2027	1,315,275	637,694	1,952,969
2028	1,303,098	587,288	1,890,386
2029 - 2033	7,160,708	2,116,108	9,276,816
2034 - 2038	5,090,399	789,038	5,879,437
2039 - 2043	1,127,418	309,222	1,436,640
2044 - 2048	900,100	155,002	1,055,102
2049 - 2050	402,300	19,718	422,018
Total	<u>\$ 22,835,196</u>	<u>\$ 6,961,068</u>	<u>\$ 29,796,264</u>

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded commercial coverage in and of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement system provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or (asset) to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability/(asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability/(asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included on the accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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 members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% 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 and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 – DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Traditional</u>	<u>Combined</u>
2023 and 2022 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 2023 and 2022 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
 Total Employer	 14.0 %	 14.0 %
 Employee	 10.0 %	 10.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$254,962 for 2023. Of this amount, \$26,803 is reported as a liability. For 2022, The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$183,697.

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension (asset) for OPERS was measured as of December 31, 2022, and the total pension liability or (asset) used to calculate the net pension liability or (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The District's proportion of the net pension liability or (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense for 2023:

	OPERS - Traditional	OPERS - Combined	Total
Proportion of the net pension liability (asset) prior measurement date	0.00701800%	0.02198100%	
Proportion of the net pension liability (asset) current measurement date	0.00630000%	0.02276700%	
Change in proportionate share	<u>-0.00071800%</u>	<u>0.00078600%</u>	
Proportionate share of the net pension liability	\$ 1,861,023	\$ -	\$ 1,861,023
Proportionate share of the net pension (asset)	-	(53,659)	(53,659)
Pension expense	212,801	6,880	219,681

Following is information related to the proportionate share and pension expense for 2022:

	OPERS - Traditional	OPERS - Combined	Total
Proportion of the net pension liability (asset) prior measurement date	0.00660100%	0.02083300%	
Proportion of the net pension liability (asset) current measurement date	0.00701800%	0.02198100%	
Change in proportionate share	<u>0.00041700%</u>	<u>0.00114800%</u>	
Proportionate share of the net pension liability	\$ 621,383	\$ -	\$ 621,383
Proportionate share of the net pension (asset)	-	(86,606)	(86,606)
Pension expense	(49,691)	(4,339)	(54,030)

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**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 61,814	\$ 3,299	\$ 65,113
Net difference between projected and actual earnings on pension plan investments	530,451	19,555	550,006
Changes of assumptions	19,660	3,553	23,213
Changes in employer's proportionate percentage/ difference between employer contributions	9,335	-	9,335
Contributions subsequent to the measurement date	239,730	15,232	254,962
Total deferred outflows of resources	<u>\$ 860,990</u>	<u>\$ 41,639</u>	<u>\$ 902,629</u>

	OPERS - Traditional	OPERS - Combined	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 7,667	\$ 7,667
Changes in employer's proportionate percentage/ difference between employer contributions	64,554	-	64,554
Total deferred inflows of resources	<u>\$ 64,554</u>	<u>\$ 7,667</u>	<u>\$ 72,221</u>

\$254,962 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability (asset) in the year ending December 31, 2024.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	Total
2024	\$ 37,448	\$ 792	\$ 38,240
2025	103,270	3,597	106,867
2026	156,137	4,988	161,125
2027	259,851	8,417	268,268
2028	-	(14)	(14)
Thereafter	-	960	960
Total	\$ 556,706	\$ 18,740	\$ 575,446

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

	OPERS - Total
Deferred outflows of resources	
Differences between expected and actual experience	\$ 32,214
Changes of assumptions	82,055
Changes in employer's proportionate percentage/ difference between employer contributions	44,046
Contributions subsequent to the measurement date	151,612
Total deferred outflows of resources	\$ 309,927

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**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Total
Deferred inflows of resources	
Differences between expected and actual experience	\$ 23,315
Net difference between projected and actual earnings on pension plan investments	757,679
Changes in employer's proportionate percentage/ difference between employer contributions	6,393
Total deferred inflows of resources	\$ 787,387

\$151,612 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability (asset) 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 - Total
Year Ending December 31:	
2023	\$ (70,199)
2024	(253,901)
2025	(180,090)
2026	(122,130)
2027	(1,198)
Thereafter	(1,554)
Total	\$ (629,072)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

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

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

During 2022, 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 loss of 12.1% for 2022.

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.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, 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	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability/(asset) was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,787,750	\$ 1,861,023	\$ 1,090,152
Combined Plan	(28,003)	(53,659)	(73,993)

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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

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

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

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

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

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$2,539 for 2023. Of this amount, \$267 is reported as a liability. For 2022, the District's contractually required contribution was \$9,167.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	2023	2022
Proportion of the net OPEB liability (asset) prior measurement date	0.00867000%	0.00836100%
Proportion of the net OPEB liability (asset) current measurement date	0.00788400%	0.00867000%
Change in proportionate share	-0.00078600%	0.00030900%
Proportionate share of the net OPEB liability	\$ 49,710	\$ -
Proportionate share of the net OPEB (asset)	-	(271,558)
OPEB expense	(70,536)	(196,677)

At December 31, 2023 and December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	2022
Deferred outflows of resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 98,727	\$ -
Changes of assumptions	48,553	-
Changes in employer's proportionate percentage/ difference between employer contributions	5,481	15,969
Contributions subsequent to the measurement date	2,539	9,167
Total deferred outflows of resources	\$ 155,300	\$ 25,136

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	2023	2022
Deferred inflows of resources		
Differences between expected and actual experience	\$ 12,399	\$ 41,191
Net difference between projected and actual earnings on OPEB plan investments	-	129,460
Changes of assumptions	3,996	109,923
Total deferred inflows of resources	\$ 16,395	\$ 280,574

\$2,539 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	2023	2022
2022		\$ -
2023	\$ -	(159,339)
2024	20,389	(58,388)
2025	37,498	(28,286)
2026	30,787	(18,592)
2027	47,692	
Total	\$ 136,366	\$ (264,605)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2022, 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 loss of 15.6% for 2022.

**NORTHERN OHIO RURAL WATER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, 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 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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% and a municipal bond rate of 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ (169,191)	\$ (49,710)	\$ (48,881)

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. 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 1.00% lower or 1.00% higher than the current rate.

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 2023 is 5.50%. 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$ 46,594	\$ 49,710	\$ 53,217

NOTE 10 - COMMITMENTS

A. Water Purchase Agreements

The District's original and primary source of water has been the City of Elyria's water treatment plant located in northern Lorain County. On May 1, 2017, the District signed a 40-year water purchase agreement with the City of Elyria. The agreed upon rate is \$1.125 per hundred cubic feet (HCF) for the first 26,700 HCF and \$1.045 per HCF over 26,700 in a calendar month. Starting in January of 2020, the rates will increase 3% annually. The District has a minimum monthly purchase requirement of 42,780 HCF per month on an annual average.

In November 2016, the District signed a 40-year water purchase agreement with Erie County that went into effect in March 2017. The agreed upon rate is \$1.55 per hundred cubic feet (CCF) with a minimum monthly purchase of 22,059 CCF on an annual average. The \$1.55/CCF rate will remain in effect until January 2020 when the rate will increase \$0.03/CCF for 2020 and increase the same amount for 2021. Starting in 2022, the rate cannot increase any more than the increase for other bulk users supplied by the county.

In April 2006, the District signed a 99-year water purchase agreement with the City of Lorain with automatic renewal periods of 25 years subject to termination upon written notification of one year prior to the commencement of each renewal period. The agreed upon rate is \$1.02 per 1,000 gallons for the first five years of the contract and 50% of the City of Lorain's in-City rate thereafter. The City of Lorain shall have available to the District 250,000 gallons per day with no minimum required purchase.

On March 21, 2002, the District signed a 40-year water purchase agreement with Rural Lorain County Water Authority. The agreed upon base rate is \$2.16 per 1,000 gallons with a minimum daily purchase of 10,000 gallons and a maximum daily purchase of 100,000 gallons. Increases in costs of the water supply to Rural Lorain County Water Authority are passed on to the District.

In April 2018, the District signed a 30-year water purchase agreement with the Village of New London. The agreed upon rate is \$2.20 per thousand gallons for first 100,000 gallons, \$2.15 per thousand gallons for next 50,000 gallons, and \$2.05 per thousand gallons for over 150,000 gallons per day with a maximum daily purchase not to exceed 200,000 gallons per day.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 - COMMITMENTS - (Continued)

On April 23, 2015, the District signed a 10-year water purchase agreement with the City of Willard with an automatic renewal period of 3 years subject to termination upon written notification of 120 days prior to the expiration of the initial term of an intent to terminate. The agreed upon rate is \$2.06 per thousand gallons with a minimum daily purchase of 150,000 gallons and a maximum daily purchase of 1,000,000 gallons.

B. Water Supply Agreements

On January 18, 1996, the District entered into a 25-year agreement with the Village of Wakeman to provide water at a monthly bulk rate. The agreed upon rate is \$2.60 per thousand gallons with a minimum daily purchase of 50,000 gallons and a maximum daily purchase of 250,000 gallons. As of the reporting date of this financial statement, the District currently has a month-to-month agreement with the Village of Wakeman and is in the process of renegotiating the contract.

In June 2006, the District entered into a 40-year agreement with Erie County to provide water at a monthly bulk rate. The agreed upon rate per hundred cubic feet is \$1.53 and will increase proportionately to the increases in Erie County's water purchase rates.

On April 8, 2009, the District entered into a 40-year agreement with the City of Norwalk to provide water. The agreed upon rate per thousand gallons is 20% higher than the lowest rate the District purchases water from its water providers for the distribution area that includes the connection point for the City of Norwalk, with a minimum daily purchase of 150,000 gallons and a maximum daily purchase of 500,000 gallons.

C. Month-to-Month Leases

The District has a month-to-month lease agreement for renting its antenna space with WaveLinc Communications for \$140 per month, and a month-to-month agreement to lease land to Linkster Management, Ltd. For \$100 per month.

D. Sewer Billing Service Agreement

On January 30, 2011, the District entered into an agreement with the Village of New Washington to provide billing services for sewer, storm sewer, and capital improvement charges by the Village.

E. Water Line/Leak Insurance Agreement

On December 1, 2015, the District entered into an agreement with Sunbelt Insurance to offer NORW's customers insurance for protection from excess charges resulting from water leaks and to cover costs of repairs and replacement of water lines.

F. Rapid Response Agreement

On January 30, 2011, the District entered into an agreement with the GeoDecisions' Rapid Response System to provide mass notification of NORW's customers in the event of an emergency or other high priority situation.

NOTE 11 - RESTRICTED FUNDS

A. Bond and Loan Payment Fund

These funds were created and will be maintained in the custody of the Issuer as cash funds and shall be used for the payment of principal and interest on the USDA bonds and CoBank loans when due. The District is required by the bond agreement to make monthly payments to the fund of at least one-twelfth (1/12) of the amount due and payable with respect to the bonds on the next succeeding December 1st. The District is not required by the loan agreements to make weekly payments to the fund that the District makes at its own discretion.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11 - RESTRICTED FUNDS - (Continued)

B. Water System Debt Service Reserve Fund

This fund was created in January 2004 and will be maintained in the custody of the Issuer as a cash fund and shall be used for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by an unforeseen catastrophe, and when necessary for the purpose of making payments of principal and interest on the bonds when due if the amount in the Bond Payment Fund is not sufficient to meet such payments. The District is required by the bond agreement to make monthly deposits equal to \$1,759 until there is \$211,096 accumulated in the fund, after which no further payments need to be made to the fund except to replace withdrawals there from, and required by loan agreements to maintain a fund in the amount of \$120,000 and another fund in the amount of \$850,000.

In June 2006, the District entered into a 40-year agreement with Erie County to provide water at a monthly bulk rate. The agreed upon rate per hundred cubic feet is \$1.53 and will increase proportionately to the increases in Erie County's water purchase rates.

On April 8, 2009, the District entered into a 40-year agreement with the City of Norwalk to provide water. The agreed upon rate per thousand gallons is 20% higher than the lowest rate the District purchases water from its water providers for the distribution area that includes the connection point for the City of Norwalk, with a minimum daily purchase of 150,000 gallons and a maximum daily purchase of 500,000 gallons.

C. Restricted Cash

The following is a schedule of the restricted cash reported on the statement of net position at December 31, 2023 and 2022:

	2023	2022
Bond Payment Fund	\$ 227,812	\$ 215,485
Water System Debt Service Reserve Fund	1,252,801	1,215,778
Total	\$ 1,480,613	\$ 1,431,263

NOTE 12 - COBANK INVESTMENT

The District has an equity patronage investment with CoBank based on the District's average outstanding loan balance with the bank during the year. The District's average outstanding CoBank loan balance during the year is multiplied by 1% with 75% of the 1% patronage paid to the District in cash and 25% kept in an equity account at the bank until the loan is paid off.

NOTE 13 - LINE OF CREDIT

At December 31, 2023 and 2022 the District had a revolving line of credit with CoBank with a balance of \$0 with \$1,000,000 unused. Any outstanding balance carries a variable rate of interest at Daily SOFR (Secured Overnight Financing Rate) plus 2%. Interest is payable monthly.

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION (ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST TEN YEARS			
	2023	2022	2021	2020
<i>Traditional Plan:</i>				
District's proportion of the net pension liability	0.006300%	0.007018%	0.006601%	0.006638%
District's proportionate share of the net pension liability	\$ 1,861,023	\$ 621,383	\$ 1,018,630	\$ 1,312,046
District's covered payroll	\$ 976,619	\$ 1,036,439	\$ 1,172,736	\$ 1,215,171
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.56%	59.95%	86.86%	107.97%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	93.01%	87.21%	82.17%
<i>Combined Plan:</i>				
District's proportion of the net pension (asset)	0.022767%	0.021981%	0.020833%	
District's proportionate share of the net pension (asset)	\$ (53,659)	\$ (86,606)	\$ (66,324)	
District's covered payroll	\$ 106,324	\$ 100,211	\$ 91,814	
District's proportionate share of the net pension (asset) as a percentage of its covered payroll	-50.47%	-86.42%	-72.24%	
Plan fiduciary net position as a percentage of the total pension (asset)	137.14%	169.88%	157.67%	

Note: Information prior to 2021 for the combined plan is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.006441%	0.005740%	0.005729%	0.005907%	0.005767%	0.005767%
\$ 1,695,589	\$ 1,238,541	\$ 1,187,465	\$ 1,213,519	\$ 783,814	\$ 679,854
\$ 1,136,486	\$ 1,017,115	\$ 1,605,708	\$ 1,472,808	\$ 1,538,808	\$ 1,474,392
149.20%	121.77%	73.95%	82.39%	50.94%	46.11%
74.70%	84.66%	77.25%	81.19%	86.45%	86.36%

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 239,730	\$ 136,727	\$ 145,101	\$ 177,037
Contributions in relation to the contractually required contribution	<u>(239,730)</u>	<u>(136,727)</u>	<u>(145,101)</u>	<u>(177,037)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,712,357	\$ 976,619	\$ 1,036,439	\$ 1,172,736
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ 15,232	\$ 14,885	\$ 14,030	
Contributions in relation to the contractually required contribution	<u>(15,232)</u>	<u>(14,885)</u>	<u>(14,030)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 126,933	\$ 106,324	\$ 100,211	
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	

Note: Information prior to 2021 for the combined plan is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 170,124	\$ 159,108	\$ 132,225	\$ 192,685	\$ 176,737	\$ 184,657
<u>(170,124)</u>	<u>(159,108)</u>	<u>(132,225)</u>	<u>(192,685)</u>	<u>(176,737)</u>	<u>(184,657)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,215,171	\$ 1,136,486	\$ 1,017,115	\$ 1,605,708	\$ 1,472,808	\$ 1,538,808
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB (ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/(asset)	0.007884%	0.008670%	0.008361%	0.008032%
District's proportionate share of the net OPEB liability/(asset)	\$ 49,710	\$ (271,558)	\$ (148,958)	\$ 1,109,428
District's covered payroll	\$ 1,082,943	\$ 1,136,650	\$ 1,264,550	\$ 1,215,171
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	4.59%	-23.89%	-11.78%	91.30%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	94.79%	128.23%	115.57%	47.80%

Note: Information prior to 2017 is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.007835%	0.007180%	0.007189%
\$ 1,021,499	\$ 779,695	\$ 773,180
\$ 1,136,486	\$ 1,017,115	\$ 1,605,708
89.88%	76.66%	48.15%
46.33%	54.14%	54.04%

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	2023	2022	2021	2020
Contractually required contribution	\$ 2,539	\$ 9,167	\$ 8,616	\$ -
Contributions in relation to the contractually required contribution	(2,539)	(9,167)	(8,616)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,839,290	\$ 1,082,943	\$ 1,136,650	\$ 1,172,736
Contributions as a percentage of covered payroll	0.14%	0.85%	0.76%	0.00%

Note: Information prior to 2016 is unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ 10,171	\$ 23,731
-	-	(10,171)	(23,731)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,215,171	\$ 1,136,486	\$ 1,017,115	\$ 1,605,708
0.00%	0.00%	1.00%	1.48%

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

**NORTHERN OHIO RURAL WATER
HURON COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

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

Northern Ohio Rural Water
Huron County
P.O. Box 96
Collins, Ohio 44826-0096

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 (*Government Auditing Standards*), the financial statements of Northern Ohio Rural Water, Huron County, Ohio (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 11, 2024

OHIO AUDITOR OF STATE KEITH FABER



NORTHERN OHIO RURAL WATER

HURON 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 6/25/2024

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

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