



**NORTHERN OHIO RURAL WATER  
HURON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2024-2023**



**NORTHERN OHIO RURAL WATER  
HURON COUNTY  
DECEMBER 31, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, and the 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.

#### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2024, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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Efficient • Effective • Transparent

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 16, 2026, 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 16, 2025

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**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(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, 2024 and 2023. 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 \$3,410,993 or 10.3% in 2024. For 2023, the change in net position was an increase of \$3,328,259 or 11.1%.
- In 2024, the District had total revenues of \$11,763,658 and total expenses of \$8,352,665. Revenues and expenses in 2023 were \$11,302,602 and \$7,974,343, 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, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(UNAUDITED)**

The following table provides a summary of the District's net position for the past three years. Certain amounts for 2023 and 2022 have been restated; see Note 3 in the notes to the basic financial statements for more detail.

**Net Position**

		(Restated)	(Restated)	2024 vs. 2023		2023 vs. 2022	
	2024	2023	2022	Dollar Change	Percent Change	Dollar Change	Percent Change
<b><u>Assets</u></b>							
Current and other assets	\$ 16,815,805	\$ 14,870,788	\$ 12,965,997	\$ 1,945,017	13.1%	\$ 1,904,791	14.7%
Net pension (asset)	84,973	53,659	86,606	31,314	58.4%	(32,947)	-38.0%
Net OPEB (asset)	89,431	-	271,558	89,431	100.0%	(271,558)	-100.0%
Capital assets, net	43,474,537	43,669,810	44,013,893	(195,273)	-0.4%	(344,083)	-0.8%
Total assets	60,464,746	58,594,257	57,338,054	1,870,489	3.2%	1,256,203	2.2%
<b><u>Deferred outflows of resources</u></b>							
Pension	935,150	902,629	309,927	32,521	3.6%	592,702	191.2%
OPEB	80,706	155,300	25,136	(74,594)	-48.0%	130,164	517.8%
Total deferred outflows of resources	1,015,856	1,057,929	335,063	(42,073)	-4.0%	722,866	215.7%
<b><u>Liabilities</u></b>							
Current liabilities	2,848,578	2,685,474	2,603,064	163,104	6.1%	82,410	3.2%
Noncurrent liabilities:							
Net pension liability	2,068,252	1,861,023	621,383	207,229	11.1%	1,239,640	199.5%
Net OPEB liability	-	49,710	-	(49,710)	-100.0%	49,710	N/A
Other amounts	19,797,597	21,705,595	23,447,200	(1,907,998)	-8.8%	(1,741,605)	-7.4%
Total liabilities	24,714,427	26,301,802	26,671,647	(1,587,375)	-6.0%	(369,845)	-1.4%
<b><u>Deferred inflows of resources</u></b>							
Pension	29,054	72,221	787,387	(43,167)	-59.8%	(715,166)	-90.8%
OPEB	64,360	16,395	280,574	47,965	292.6%	(264,179)	-94.2%
Total deferred inflows of resources	93,414	88,616	1,067,961	4,798	5.4%	(979,345)	-91.7%
<b><u>Net position</u></b>							
Net investment in capital assets	22,397,372	20,834,614	19,429,248	1,562,758	7.5%	1,405,366	7.2%
Restricted	1,716,284	1,534,272	1,431,263	182,012	11.9%	103,009	7.2%
Unrestricted	12,559,105	10,892,882	9,072,998	1,666,223	15.3%	1,819,884	20.1%
Total net position	\$ 36,672,761	\$ 33,261,768	\$ 29,933,509	\$ 3,410,993	10.3%	\$ 3,328,259	11.1%

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, the net pension (asset), and the net OPEB (asset).

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(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 of resources.

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, 2024 and 2023 by \$36,672,761 and \$33,261,768, 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, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(UNAUDITED)**

As the preceding table illustrates, some of the changes in net position were related to the District's net pension liability (asset) and net OPEB liability (asset), and the related deferred inflows and 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 2024 and 2023, 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. See Note 3 in the notes to the basic financial statements for more detail on the restatement for 2022 and 2023.

**Change in Net Position**

	2024	(Restated) 2023	(Restated) 2022	2024 vs. 2023		2023 vs. 2022	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operating revenues	\$ 10,877,003	\$ 10,612,790	\$ 10,205,991	\$ 264,213	2.5%	\$ 406,799	4.0%
Operating expenses	(7,486,791)	(7,048,005)	(6,288,467)	(438,786)	6.2%	(759,538)	12.1%
Operating income	3,390,212	3,564,785	3,917,524	(174,573)	-4.9%	(352,739)	-9.0%
Nonoperating revenues	886,655	689,812	302,318	196,843	28.5%	387,494	128.2%
Nonoperating expenses	(865,874)	(926,338)	(998,877)	60,464	-6.5%	72,539	-7.3%
Nonoperating gain (loss)	20,781	(236,526)	(696,559)	257,307	-108.8%	460,033	-66.0%
Change in net position	3,410,993	3,328,259	3,220,965	82,734	2.5%	107,294	3.3%
Beginning net position	33,261,768	29,933,509	27,136,792	3,328,259	11.1%	2,796,717	10.3%
Restatement of net position	-	-	(424,248)	-	N/A	424,248	-100.0%
Ending net position	\$ 36,672,761	\$ 33,261,768	\$ 29,933,509	\$ 3,410,993	10.3%	\$ 3,328,259	11.1%

Net position increased \$3,410,993 in 2024, after increasing \$3,328,529 in 2023. The increase in operating revenues for both 2024 and 2023 are due to higher water sales as demand continues to rise and the District raises rates to keep pace with rising operating costs. Operating expenses also increased in both 2024 and 2023 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. Nonoperating revenues have continued to increase over the past two years, mostly due to higher interest income as a result of higher interest rates on the District's STAR Ohio investments.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

The following table summarizes the District's capital assets (net of accumulated depreciation/amortization) at December 31, 2024, 2023, and 2022:

	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Land	\$ 533,342	\$ 533,342	\$ 533,342	\$ -	0.0%	\$ -	0.0%
Easements	443,236	433,298	425,883	9,938	2.3%	7,415	1.7%
Construction in progress	579,412	1,015,434	879,106	(436,022)	-42.9%	136,328	15.5%
Buildings	1,670,581	1,726,868	1,785,384	(56,287)	-3.3%	(58,516)	-3.3%
Tanks, stations, lines, meters, and taps	39,590,188	39,225,093	39,579,624	365,095	0.9%	(354,531)	-0.9%
Furniture and fixtures	21,639	47,785	58,184	(26,146)	-54.7%	(10,399)	-17.9%
Vehicles and distribution equip.	624,298	669,690	727,611	(45,392)	-6.8%	(57,921)	-8.0%
Lease assets: equipment	11,841	18,300	24,759	(6,459)	-35.3%	(6,459)	-26.1%
Total capital assets, net	<u>\$ 43,474,537</u>	<u>\$ 43,669,810</u>	<u>\$ 44,013,893</u>	<u>\$ (195,273)</u>	<u>-0.4%</u>	<u>\$ (344,083)</u>	<u>-0.8%</u>

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 2024 is due to depreciation/amortization of \$2,228,510 exceeding net capital asset additions of \$2,033,237. For 2023, capital asset additions and depreciation/amortization expense amounted to \$1,848,762 and \$2,192,845, respectively. Most of the additions in both 2024 and 2023 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, 2024, 2023, and 2022.

	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
				Dollar Change	Percent Change	Dollar Change	Percent Change
OWDA loans	\$ 6,776,014	\$ 7,714,139	\$ 8,700,878	\$ (938,125)	-12.2%	\$ (986,739)	-11.3%
Revenue bonds	3,666,000	3,755,000	3,841,200	(89,000)	-2.4%	(86,200)	-2.2%
Notes payable	10,621,976	11,346,189	12,042,567	(724,213)	-6.4%	(696,378)	-5.8%
Lease liability	13,175	19,868	26,236	(6,693)	-33.7%	(6,368)	-24.3%
Total long-term debt	<u>\$ 21,077,165</u>	<u>\$ 22,835,196</u>	<u>\$ 24,610,881</u>	<u>\$ (1,758,031)</u>	<u>-7.7%</u>	<u>\$ (1,775,685)</u>	<u>-7.2%</u>

There were no additions to long-term debt in 2024 or 2023. Principal payments amounted to \$1,758,031 in 2024 and \$1,775,685 in 2023. See Note 6 in the notes to the basic financial statements for detail on the District's long-term debt.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(UNAUDITED)**

**Current Financial Related Activities**

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 this District's Financial Management**

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the General Manager, Northern Ohio Rural Water, P.O. Box 96, Collins, Ohio 44826.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

STATEMENTS OF NET POSITION  
DECEMBER 31, 2024 AND 2023

	2024	(Restated) 2023
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 13,156,290	\$ 11,301,330
Restricted cash	242,066	227,812
Cash and cash equivalents - custodial funds	43,622	37,050
Receivables:		
Trade (net of allowance for doubtful accounts of \$12,168 in 2024 and \$11,591 in 2023)	651,046	616,976
Unbilled	576,642	582,314
Tap installments	117,030	114,821
Other	74,346	85,642
Custodial funds	30,087	30,348
Inventory	225,758	274,935
Prepaid expenses	44,869	23,308
Total current assets	<u>15,161,756</u>	<u>13,294,536</u>
Noncurrent assets:		
Restricted cash	1,299,814	1,252,801
Capital assets, not depreciated/amortized:		
Land	533,342	533,342
Easements	443,236	433,298
Current construction	579,412	1,015,434
Capital assets, depreciated/amortized:		
Buildings	2,340,650	2,340,650
Tanks, stations, lines, meters, and taps	81,235,992	79,011,145
Furniture and fixtures	591,279	591,279
Vehicles and distribution equipment	2,837,532	2,630,047
Right to use - lease assets	32,294	32,294
Less accumulated depreciation/amortization	(45,119,200)	(42,917,679)
Total capital assets, net	<u>43,474,537</u>	<u>43,669,810</u>
Total noncurrent assets	<u>44,774,351</u>	<u>44,922,611</u>
Other assets:		
CoBank investment	353,235	322,451
Organization costs	1,000	1,000
Net pension asset	84,973	53,659
Net OPEB asset	89,431	-
Total other assets	<u>528,639</u>	<u>377,110</u>
Total assets	<u>60,464,746</u>	<u>58,594,257</u>
<b>Deferred outflows of resources:</b>		
Pension	935,150	902,629
OPEB	80,706	155,300
Total deferred outflows of resources	<u>1,015,856</u>	<u>1,057,929</u>
Total assets and deferred outflows of resources	<u>\$ 61,480,602</u>	<u>\$ 59,652,186</u>

- Continued

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

STATEMENTS OF NET POSITION  
DECEMBER 31, 2024 AND 2023  
(CONTINUED)

	2024	(Restated) 2023
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 264,969	\$ 279,096
Projects and retainage payable	1,107	869
Tenant deposits	65,350	68,250
Accrued expenses:		
Wages	84,529	69,848
Payroll taxes	49,494	46,406
Interest	181,036	200,274
Undistributed monies - custodial funds	73,709	67,398
Current portion of long-term liabilities:		
Compensated absences	283,791	195,302
Lease liability	7,036	6,693
Loans payable	989,947	938,125
Notes payable	755,810	724,213
Bonds payable	91,800	89,000
Total current liabilities	<u>2,848,578</u>	<u>2,685,474</u>
Noncurrent liabilities:		
Future tap installations	173,301	173,915
Long-term liabilities:		
Compensated absences	391,724	454,515
Lease liability	6,139	13,175
Loans payable	5,786,067	6,776,014
Notes payable	9,866,166	10,621,976
Bonds payable	3,574,200	3,666,000
Net pension liability	2,068,252	1,861,023
Net OPEB liability	-	49,710
Total noncurrent liabilities	<u>21,865,849</u>	<u>23,616,328</u>
Total liabilities	<u>24,714,427</u>	<u>26,301,802</u>
<b>Deferred inflows of resources:</b>		
Pension	29,054	72,221
OPEB	64,360	16,395
Total deferred inflows of resources	<u>93,414</u>	<u>88,616</u>
Total liabilities and deferred inflows of resources	<u>24,807,841</u>	<u>26,390,418</u>
<b>Net position:</b>		
Net investment in capital assets	22,397,372	20,834,614
Restricted	1,716,284	1,534,272
Unrestricted	12,559,105	10,892,882
Total net position	<u>\$ 36,672,761</u>	<u>\$ 33,261,768</u>

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



**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	(Restated) 2023
<b>Operating revenues:</b>		
Water sales	\$ 10,239,771	\$ 9,884,295
Tap fees	637,232	728,495
Total operating revenues	<u>10,877,003</u>	<u>10,612,790</u>
<b>Operating expenses:</b>		
Advertising	2,931	3,156
Audit fees	16,318	15,662
Communication equipment	118,589	61,959
Depreciation and amortization	2,228,510	2,192,845
Distribution supplies	183,472	243,843
Dues and subscriptions	6,584	10,645
Electric pump station and tanks	237,926	233,727
Engineering fees	5,292	18,681
Fuel	80,346	87,024
Insurance - hospitalization premiums	438,724	414,870
Insurance - general liability and distribution equipment	65,215	55,290
Legal and professional fees	161,968	173,208
Licenses and permits	28,528	25,106
Maintenance and repairs	144,879	146,471
Office equipment lease	3,022	2,367
Office supplies and expense	72,233	75,723
Payroll taxes	28,183	37,788
OPERS	(68,817)	(80,550)
Pension expense	352,108	219,681
OPEB expense	(13,998)	(70,536)
Postage	78,226	70,428
Tap fee refunds	28,625	8,250
Telephone and utilities	48,516	46,355
Travel, mileage, and education	95,568	67,455
Wages	1,608,629	1,499,775
Water purchases	1,535,214	1,488,782
Total operating expenses	<u>7,486,791</u>	<u>7,048,005</u>
Operating income	<u>\$ 3,390,212</u>	<u>\$ 3,564,785</u>

- Continued

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(CONTINUED)

	<b>2024</b>	<b>(Restated) 2023</b>
<b>Nonoperating revenues (expenses):</b>		
Credit card fees	\$ (6,191)	\$ (2,503)
Bank charges	(2)	-
Discounts earned	4,213	6,025
EPA income	19,480	18,757
EPA expense	(20,790)	(19,067)
Interest income	585,135	377,083
Interest expense	(838,314)	(904,819)
Line maintenance reimbursements	78,133	54,994
Miscellaneous	126,813	136,704
Reconnection fees	26,964	27,754
Insurance billing service fees	23,344	25,001
Sewer billing service fees	11,073	13,840
Gain on disposal of capital assets	11,500	29,654
Uncollectible accounts expense	(577)	51
Total nonoperating revenues (expenses)	<u>20,781</u>	<u>(236,526)</u>
Change in net position	3,410,993	3,328,259
<b>Net position - beginning of period, as previously reported</b>	33,261,768	30,357,757
Adjustment - change in accounting principle	-	(424,248)
<b>Net position - beginning of period, as restated</b>	<u>33,261,768</u>	<u>29,933,509</u>
<b>Net position - end of period</b>	<u><u>\$ 36,672,761</u></u>	<u><u>\$ 33,261,768</u></u>

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

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 10,854,941	\$ 10,658,662
Cash received from custodial accounts	448,095	427,886
Cash payments for custodial accounts	(441,523)	(428,560)
Cash payments to suppliers for goods and services	(2,819,296)	(2,733,199)
Cash payments to employees and professional contractors for services	(2,303,871)	(2,112,950)
Net cash provided by operating activities	5,738,346	5,811,839
<b>Cash flows from noncapital financing activities:</b>		
Proceeds from developer, hydrant maintenance, and reconnection fees	26,964	27,754
Proceeds from discounts earned, EPA and tower income	23,692	24,782
Proceeds from line maintenance reimbursements	78,133	54,994
Proceeds from sales of capital assets	11,500	29,654
Proceeds from other nonoperating activities	125,003	152,795
Net cash provided by noncapital financing activities	265,292	289,979
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(2,033,237)	(1,848,762)
Purchase of investments	(30,784)	(37,449)
Repayment of principal on long-term debt	(1,758,031)	(1,775,685)
Interest paid on long-term debt	(843,922)	(928,464)
Net cash used in capital and related financing activities	(4,665,974)	(4,590,360)
<b>Cash flows from investing activities:</b>		
Interest received	585,135	377,083
Net increase in cash and cash equivalents	1,922,799	1,888,541
<b>Cash and cash equivalents - beginning of period</b>	12,818,993	10,930,452
<b>Cash and cash equivalents - end of period</b>	<u>\$ 14,741,792</u>	<u>\$ 12,818,993</u>
		- Continued

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(CONTINUED)

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 3,390,212	\$ 3,564,785
Adjustments:		
Depreciation and amortization	2,228,510	2,192,845
Custodial activities	6,572	(674)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in:		
Receivables	(30,346)	43,453
Inventory	49,177	(15,018)
Prepaid expenses	(21,561)	(5,306)
Net pension asset	(31,314)	32,947
Net OPEB asset	(89,431)	271,558
Deferred outflows of resources - pension	(32,521)	(592,702)
Deferred outflows of resources - OPEB	74,594	(130,164)
Increase (decrease) in:		
Accounts payable	(14,127)	72,844
Tenant deposits	(2,900)	(2,800)
Accrued expenses	17,769	53,621
Undistributed monies - custodial funds	6,311	19
Future tap installations	(614)	(13,841)
Compensated absences	25,698	30,267
Net pension liability	207,229	1,239,640
Net OPEB liability	(49,710)	49,710
Deferred inflows of resources - pension	(43,167)	(715,166)
Deferred inflows of resources - OPEB	47,965	(264,179)
<b>Net cash provided by operating activities</b>	<u><u>\$ 5,738,346</u></u>	<u><u>\$ 5,811,839</u></u>

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

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**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, expenses, and changes in net position, and 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 statements 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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

In addition to liabilities, the statements 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.

**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 2024, investments were limited to investments in the State Treasury Asset Reserve of Ohio (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 2024, 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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

**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.

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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

**J. Compensated Absences**

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences: vacation and sick leave. The liability for compensated absences is reported as incurred in the accompanying financial statements and includes salary-related payments, where applicable.

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.

**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.



**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

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

For purposes of measuring the net pension/OPEB liability, net pension/OPEB (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**

For 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

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 balances previously report by the District.

The purpose of 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.

The purpose of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

The purpose of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The effect of the implementation is to decrease the December 31, 2022 net position as previously reported by \$424,248. For 2023, the net effects are to increase expenses by \$30,267, and increase liabilities and decrease net position by \$454,515.

**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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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;
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 institution's 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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, 2024 and 2023, the carrying amount of all District deposits was \$8,332,565 and \$7,722,644, respectively, and the total bank balance of all District deposits was \$8,296,311 and \$7,838,410, 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.

**B. Investments**

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

Measurement/ Investment type	2024 Measurement Value	2024 Investment Maturity 6 months or less	2023 Measurement Value	2023 Investment Maturity 6 months or less
Amortized Cost:				
STAR Ohio	\$ 6,409,227	\$ 6,409,227	\$ 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:

Measurement/ Investment type	2024 Measurement Value	2024 % of Total	2023 Measurement Value	2023 % of Total
Amortized Cost:				
STAR Ohio	\$ 6,409,227	100.00	\$ 5,096,349	100.00

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of Cash and Investments to the Statements 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:

Cash and investments per note	2024	2023
Carrying amount of deposits	\$ 8,332,565	\$ 7,722,644
Investments	6,409,227	5,096,349
Total	<u>\$ 14,741,792</u>	<u>\$ 12,818,993</u>
 Cash and investments per statements of net position		
Total	<u>\$ 14,741,792</u>	<u>\$ 12,818,993</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for 2024 was as follows:

	Balance 12/31/23	Additions	Deductions	Balance 12/31/24
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 533,342	\$ -	\$ -	\$ 533,342
Easements	433,298	9,938	-	443,236
Construction in progress	1,015,434	870,937	(1,306,959)	579,412
Total capital assets, not being depreciated/amortized	<u>1,982,074</u>	<u>880,875</u>	<u>(1,306,959)</u>	<u>1,555,990</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	2,340,650	-	-	2,340,650
Tanks, stations, lines, meters, and taps	79,011,145	2,224,847	-	81,235,992
Furniture and fixtures	591,279	-	-	591,279
Vehicles and distribution equipment	2,630,047	234,474	(26,989)	2,837,532
Intangible right to use - lease asset	32,294	-	-	32,294
Total capital assets, being depreciated/amortized	<u>84,605,415</u>	<u>2,459,321</u>	<u>(26,989)</u>	<u>87,037,747</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings	(613,782)	(56,287)	-	(670,069)
Tanks, stations, lines, meters, and taps	(39,786,052)	(1,859,752)	-	(41,645,804)
Furniture and fixtures	(543,494)	(26,146)	-	(569,640)
Vehicles and distribution equipment	(1,960,357)	(279,866)	26,989	(2,213,234)
Intangible right to use - lease asset	(13,994)	(6,459)	-	(20,453)
Total accumulated depreciation/amortization	<u>(42,917,679)</u>	<u>(2,228,510)</u>	<u>26,989</u>	<u>(45,119,200)</u>
Total capital assets, being depreciated/amortized net	<u>41,687,736</u>	<u>230,811</u>	<u>-</u>	<u>41,918,547</u>
Total capital assets, net	<u>\$ 43,669,810</u>	<u>\$ 1,111,686</u>	<u>\$ (1,306,959)</u>	<u>\$ 43,474,537</u>

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**NOTE 5 - CAPITAL ASSETS - (Continued)**

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	1,838,331	954,446	(810,703)	1,982,074
<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	83,040,855	1,705,019	(140,459)	84,605,415
<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	(40,865,293)	(2,192,845)	140,459	(42,917,679)
Total capital assets, being depreciated/amortized net	42,175,562	(487,826)	-	41,687,736
Total capital assets, net	\$ 44,013,893	\$ 466,620	\$ (810,703)	\$ 43,669,810

**NOTE 6 - LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has changed the accounting principal for calculating compensated absences, which is reflected in the tables below. The following tables summarizes the District's long-term obligations activity in 2024.

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**NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)**

	Restated Balance at 12/31/23	Additions	Reductions	Balance at 12/31/24	Due Within One Year
OWDA loans payable	\$ 7,714,139	\$ -	\$ (938,125)	\$ 6,776,014	\$ 989,947
Revenue bonds payable	3,755,000	-	(89,000)	3,666,000	91,800
Notes payable	11,346,189	-	(724,213)	10,621,976	755,810
Net pension liability	1,861,023	207,229	-	2,068,252	-
Net OPEB liability	49,710	-	(49,710)	-	-
Lease liability	19,868	-	(6,693)	13,175	7,036
Compensated absences	649,817	25,698 *	-	675,515	283,791
Total	<u>\$ 25,395,746</u>	<u>\$ 232,927</u>	<u>\$ (1,807,741)</u>	<u>\$ 23,820,932</u>	<u>\$ 2,128,384</u>

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

	Restated 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
Compensated absences	594,305	55,512 *	-	649,817	195,302
Total	<u>\$ 25,826,569</u>	<u>\$ 1,344,862</u>	<u>\$ (1,775,685)</u>	<u>\$ 25,395,746</u>	<u>\$ 1,953,333</u>

\* The change in the compensated absences liability is presented as a net change.

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 and Note 9 for more information on the net pension liability and net OPEB liability, respectively.

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.

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**NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)**

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.

At December 31, 2024, the future payments on the District's loans, bonds, notes, and leases are as follows:

Year	Principal	Interest	Total
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	1,356,382	534,291	1,890,673
2030 - 2034	7,223,323	1,833,997	9,057,320
2035 - 2039	3,985,455	614,183	4,599,638
2040 - 2044	982,065	274,225	1,256,290
2045 - 2049	929,300	125,749	1,055,049
2050	204,400	6,643	211,043
Total	<u>\$ 21,077,165</u>	<u>\$ 6,106,058</u>	<u>\$ 27,183,223</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 systems 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 statements of net position represent 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 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 net pension/OPEB liability (asset) represents 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 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

GASB 68/75 assumes the liability 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 (asset). 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 healthcare 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023 (the latest information available), the consolidation has not been executed. 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):



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original 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.

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**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>
<b>2024 and 2023 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
<b>2024 and 2023 Actual Contribution Rates</b>		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	<u>0.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

\* 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 \$251,881 for 2024. Of this amount, \$28,578 is reported as a liability. For 2023, The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$254,962. Of this amount, \$26,803 is reported as a liability.

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

The net pension liability (asset) and net pension (asset) for OPERS was measured as of December 31, 2023, 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. 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.

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense for 2024:

	OPERS - Traditional	OPERS - Combined	Total
Proportion of the net pension liability (asset) prior measurement date	0.00630000%	0.02276700%	
Proportion of the net pension liability (asset) current measurement date	0.00790000%	0.02764400%	
Change in proportionate share	<u>0.00160000%</u>	<u>0.00487700%</u>	
Proportionate share of the net pension liability	\$ 2,068,252	\$ -	\$ 2,068,252
Proportionate share of the net pension (asset)	-	(84,973)	(84,973)
Pension expense	345,867	6,241	352,108

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

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	OPERS - Traditional	OPERS - Combined	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 33,805	\$ 3,444	\$ 37,249
Net difference between projected and actual earnings on pension plan investments	417,460	13,818	431,278
Changes of assumptions	-	3,155	3,155
Changes in employer's proportionate percentage/ difference between employer contributions	211,587	-	211,587
Contributions subsequent to the measurement date	236,383	15,498	251,881
Total deferred outflows of resources	<u>\$ 899,235</u>	<u>\$ 35,915</u>	<u>\$ 935,150</u>

	OPERS - Traditional	OPERS - Combined	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 8,405	\$ 8,405
Changes in employer's proportionate percentage/ difference between employer contributions	20,649	-	20,649
Total deferred inflows of resources	<u>\$ 20,649</u>	<u>\$ 8,405</u>	<u>\$ 29,054</u>

\$251,881 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, 2025.

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**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
2025	\$ 231,054	\$ 2,110	\$ 233,164
2026	204,194	3,798	207,992
2027	266,399	7,963	274,362
2028	(59,444)	(2,285)	(61,729)
2029	-	230	230
Thereafter	-	196	196
Total	<u>\$ 642,203</u>	<u>\$ 12,012</u>	<u>\$ 654,215</u>

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
<b>Deferred outflows of resources</b>			
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>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	OPERS - Traditional	OPERS - Combined	Total
<b>Deferred inflows of resources</b>			
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.

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

	OPERS - Traditional	OPERS - Combined	Total
Year Ending December 31:			
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	<u>\$ 556,706</u>	<u>\$ 18,740</u>	<u>\$ 575,446</u>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2023, compared to the December 31, 2022 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: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, 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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

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.

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**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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**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	\$ 3,255,985	\$ 2,068,252	\$ 1,080,404
Combined Plan	(51,418)	(84,973)	(111,405)

**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.



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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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. 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. 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 and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

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

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

OPERS members enrolled in the Traditional Pension Plan 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:

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

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

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

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

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

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

**Group A** 30 years of qualified health care service credit;

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

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

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.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. 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 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$2,583 for 2024. Of this amount, \$293 is reported as a liability. For 2023, the District's contractually required contribution was \$2,539. Of this amount, \$267 is reported as a liability.

***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, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care 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:

	2024	2023
Proportion of the net OPEB liability (asset) prior measurement date	0.00788400%	0.00867000%
Proportion of the net OPEB liability (asset) current measurement date	0.00990900%	0.00788400%
Change in proportionate share	0.00202500%	-0.00078600%
Proportionate share of the net OPEB liability	\$ -	\$ 49,710
Proportionate share of the net OPEB (asset)	(89,431)	-
OPEB expense	(13,998)	(70,536)

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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At December 31, 2024 and December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>	<u>2023</u>
<b>Deferred outflows of resources</b>		
Net difference between projected and actual earnings on OPEB plan investments	\$ 53,706	\$ 98,727
Changes of assumptions	23,024	48,553
Changes in employer's proportionate percentage/ difference between employer contributions	1,393	5,481
Contributions subsequent to the measurement date	2,583	2,539
Total deferred outflows of resources	<u>\$ 80,706</u>	<u>\$ 155,300</u>
	<u>2024</u>	<u>2023</u>
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$ 12,729	\$ 12,399
Changes of assumptions	38,444	3,996
Changes in employer's proportionate percentage/ difference between employer contributions	13,187	-
Total deferred inflows of resources	<u>\$ 64,360</u>	<u>\$ 16,395</u>

For 2024, \$2,583 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 (asset) in the year ending December 31, 2025. For 2023, \$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 (asset) in the year ending December 31, 2024.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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:	2024	2023
2024	\$ -	\$ 20,389
2025	(9,352)	37,498
2026	(553)	30,787
2027	41,805	47,692
2028	(18,137)	-
Total	\$ 13,763	\$ 136,366

***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, 2022, rolled forward to the measurement date of December 31, 2023.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

**Discount Rate** - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. 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 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**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 5.70%, 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 (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ 49,149	\$ (89,431)	\$ (204,224)

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**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 2024 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 (asset)	\$ (93,145)	\$ (89,431)	\$ (85,217)

**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.



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**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 situations.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**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.

**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.

**C. Restricted Cash**

The following is a schedule of the restricted cash reported on the statement of net position at December 31, 2024 and 2023:

	2024	2023
Bond Payment Fund	\$ 242,066	\$ 227,812
Water System Debt Service Reserve Fund	1,299,814	1,252,801
Total	<u>\$ 1,541,880</u>	<u>\$ 1,480,613</u>

**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, 2024 and 2023 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, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
DISTRICT PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN FISCAL YEARS

<b>Calendar Year (1)</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as Liability as Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.007900000%	\$ 2,068,252	\$ 1,712,357	120.78%	79.01%
2023	0.006300000%	1,861,023	976,619	190.56%	75.74%
2022	0.007018000%	621,383	1,036,439	59.95%	93.01%
2021	0.006601000%	1,018,630	1,172,736	86.86%	87.21%
2020	0.006638000%	1,312,046	1,215,171	107.97%	82.17%
2019	0.006441000%	1,695,589	1,136,486	149.20%	74.70%
2018	0.005740000%	1,238,541	1,017,115	121.77%	84.66%
2017	0.005729000%	1,187,465	1,605,708	73.95%	77.25%
2016	0.005907000%	1,213,519	1,472,808	82.39%	81.19%
2015	0.005767000%	783,814	1,538,808	50.94%	86.45%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 236,383	\$ (236,383)	\$ -	\$ 1,688,450	14.00%
2023	239,730	(239,730)	-	1,712,357	14.00%
2022	136,727	(136,727)	-	976,621	14.00%
2021	145,101	(145,101)	-	1,036,436	14.00%
2020	177,037	(177,037)	-	1,172,736	14.00%
2019	170,124	(170,124)	-	1,215,171	14.00%
2018	159,108	(159,108)	-	1,136,486	14.00%
2017	132,225	(132,225)	-	1,017,115	13.00%
2016	192,685	(192,685)	-	1,605,708	12.00%
2015	176,737	(176,737)	-	1,472,808	12.00%

(1) 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

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION (ASSET) AND  
DISTRICT PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST FOUR FISCAL YEARS

<b>Calendar Year (1) (2)</b>	<b>District's Proportion of the Net Pension (Asset)</b>	<b>District's Proportionate Share of the Net Pension (Asset)</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Asset as Liability (Asset) as Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)</b>
2024	0.027644000%	\$ (84,973)	\$ 126,933	-66.94%	144.55%
2023	0.022767000%	(53,659)	106,324	-50.47%	137.14%
2022	0.021981000%	(86,606)	100,211	-86.42%	169.88%
2021	0.020833000%	(66,324)	91,814	-72.24%	157.67%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 15,498	\$ (15,498)	\$ -	\$ 129,150	12.00%
2023	15,232	(15,232)	-	126,933	12.00%
2022	14,885	(14,885)	-	106,321	14.00%
2021	14,030	(14,030)	-	100,214	14.00%

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

(2) Information prior to 2017 is not available. 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

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND NINE FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>District's Proportion of the Net OPEB Liability (Asset)</b>	<b>District's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</b>
2024	0.009909000%	\$ (89,431)	\$ 1,839,290	4.86%	107.76%
2023	0.007884000%	49,710	1,082,943	4.59%	94.79%
2022	0.008670000%	(271,558)	1,136,650	-23.89%	128.23%
2021	0.008361000%	(148,958)	1,264,550	-11.78%	115.57%
2020	0.008032000%	1,109,428	1,215,171	91.30%	47.80%
2019	0.007835000%	1,021,499	1,136,486	89.88%	46.33%
2018	0.007180000%	779,695	1,017,115	76.66%	54.14%
2017	0.007189000%	773,180	1,605,708	48.15%	54.05%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 2,583	\$ (2,583)	\$ -	\$ 1,817,600	0.14%
2023	2,539	(2,539)	-	1,839,290	0.14%
2022	9,167	(9,167)	-	1,082,942	0.85%
2021	8,616	(8,616)	-	1,136,650	0.76%
2020	-	-	-	1,172,736	0.00%
2019	-	-	-	1,215,171	0.00%
2018	-	-	-	1,136,486	0.00%
2017	10,171	(10,171)	-	1,017,115	1.00%
2016	23,731	(23,731)	-	1,605,708	1.48%

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

(2) Information prior to 2016 is not available. 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

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Change in benefit terms:*

- 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.
- There were no changes in benefit terms from the amounts reported for 2024.

*Change in assumptions:*

- 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%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- 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%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- 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 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%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Change 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.

**NORTHERN OHIO RURAL WATER  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- 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.
- There were no changes in benefit terms from the amounts reported for 2024.

*Change 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.
- For 2024, 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 to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

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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, 2024 and 2023, 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 16, 2025, wherein we noted the District adopted Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* during 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 16, 2025

# 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 6/26/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)