

VILLAGE OF ORWELL

ASHTABULA COUNTY

Regular Audit

For the Years Ended December 31, 2024 and 2023





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Village Council
Village of Orwell
179 West Main Street
Orwell, Ohio 44076

We have reviewed the *Independent Auditor's Report* of the Village of Orwell, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

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

December 08, 2025

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***Village of Orwell
Ashtabula County
For the Years Ended December 31, 2024 and 2023***

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INDEPENDENT AUDITOR'S REPORT

Village of Orwell
Ashtabula County
179 West Main St
Orwell, Ohio 44076

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Orwell, Ashtabula County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2024 and 2023, or the changes in financial position or its cashflows, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village'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 the financial audit standards in the Comptroller General of the United States' *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 Village'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 Village'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

July 24, 2025

Village of Orwell
Ashtabula County
Combined Statement of Receipts, Disbursements, and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$67,637	\$92,604	\$ -	\$ -	\$ 160,241
Municipal Income Tax	1,392,004	-	-	-	1,392,004
Intergovernmental	38,016	140,138	-	-	178,154
Charges for Services	46,872	68,951	-	-	115,823
Licenses, Permits and Fees	4,426	-	-	-	4,426
Fines, Forfeitures and Settlements	1,445	625	-	-	2,070
Earnings on Investments	230,908	7,197	-	-	238,105
Miscellaneous	22,018	852	-	-	22,870
<i>Total Cash Receipts</i>	<u>1,803,326</u>	<u>310,367</u>	<u>-</u>	<u>-</u>	<u>2,113,693</u>
Cash Disbursements					
Current:					
Security of Persons and Property	518,936	184,411	-	-	703,347
Leisure Time Activities	10,946	-	-	-	10,946
Community Environment	16,096	-	-	-	16,096
Basic Utility Services	-	151,743	-	-	151,743
Transportation	-	117,426	-	-	117,426
General Government	447,312	-	-	-	447,312
Capital Outlay	-	-	-	361,173	361,173
Debt Service:					
Principal Retirement	25,607	17,682	-	84,866	128,155
Interest and Fiscal Charges	3,447	86	-	2,549	6,082
<i>Total Cash Disbursements</i>	<u>1,022,344</u>	<u>471,348</u>	<u>-</u>	<u>448,588</u>	<u>1,942,280</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>780,982</u>	<u>(160,981)</u>	<u>-</u>	<u>(448,588)</u>	<u>171,413</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	15,000	-	559,700	574,700
Transfers Out	(574,700)	-	-	-	(574,700)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(574,700)</u>	<u>15,000</u>	<u>-</u>	<u>559,700</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>206,282</u>	<u>(145,981)</u>	<u>-</u>	<u>111,112</u>	<u>171,413</u>
<i>Fund Cash Balances, January 1</i>	<u>2,185,053</u>	<u>717,564</u>	<u>16,683</u>	<u>799,398</u>	<u>3,718,698</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,391,335</u>	<u>\$ 571,583</u>	<u>\$ 16,683</u>	<u>\$ 910,510</u>	<u>\$ 3,890,111</u>

See notes to the financial statements

Village of Orwell
Ashtabula County
Statement of Receipts, Disbursements, and Changes in
Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2024

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 808,563
<i>Total Operating Cash Receipts</i>	<u>808,563</u>
Operating Cash Disbursements	
Personal Services	173,644
Fringe Benefits	77,872
Contractual Services	145,410
Supplies and Materials	79,989
Other	990
<i>Total Operating Cash Disbursements</i>	<u>477,905</u>
<i>Operating Income (Loss)</i>	<u>330,658</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	130,041
Capital Outlay	(280,091)
Principal Retirement	(67,410)
Interest and Other Fiscal Charges	(36,302)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(253,762)</u>
<i>Income (Loss) before Transfers</i>	76,896
Transfers In	118,000
Transfers Out	(118,000)
<i>Net Change in Fund Cash Balances</i>	76,896
<i>Fund Cash Balances, January 1</i>	<u>2,899,626</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,976,522</u></u>

See notes to the financial statements

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Orwell, Ashtabula County, (the Village) as a body corporate and politic. A publicly-elected five-member Council directs the Village. The Village provides water and sewer utilities, police and volunteer fire.

Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair

The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Fire Levy Fund

This fund receives real estate tax monies to help maintain the fire department.

Coronavirus Relief Fund

The coronavirus relief fund accounts for and reports funding received from a federal grant restricted for the purpose of alleviating financial pressures caused by the COVID-19 pandemic.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Sewer Bonded Debt Fund

This fund receives assessments of citizens of the Village. Proceeds are used for sewer plant improvements.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Infrastructure Fund

The infrastructure fund accounts for, and reports, proceeds of income tax collections for infrastructure improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund

The water fund receives charges for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund

The sewer fund receives charges for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured 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.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

Fund Type	2024 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ 1,791,162	\$ 1,803,326	\$ 12,164
Special Revenue	323,260	325,367	2,107
Debt Service	-	-	-
Capital Projects	559,700	559,700	-
Enterprise	1,063,030	1,056,604	(6,426)

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Budgetary Activity (continued)

2024 Budgeted vs. Actual Budgetary Basis Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$ 1,838,212	\$ 1,627,185	\$ 211,027
Special Revenue	544,421	478,743	65,678
Debt Service	-	-	-
Capital Projects	686,287	455,588	230,699
Enterprise	1,452,439	979,708	472,731

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Village's deposit and investment accounts are as follows:

<i>Cash Management Pool:</i>	<u>2024</u>
Demand deposits	<u>\$ 4,207,126</u>
Total deposits	<u>4,207,126</u>
 STAR Ohio	 <u>2,659,507</u>
Total investments	<u>2,659,507</u>
 Total deposits and investments	 <u><u>\$ 6,866,633</u></u>

Deposits

Deposits are collateralized by securities specifically pledged by the financial institution to the Village or collateralized through 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.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023. (the latest information available)

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 6 – Risk Management (continued)

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at www.ohioplan.org.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2024.

Social Security

The Village's other employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Defined Benefit Pension Plans (continued)

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. 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. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund those benefits.

Note 9 – Debt

Debt outstanding at December 31, 2024, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CG48O - Water Meter Upgrade	\$ 39,606	0.00%
OPWC Loan CG40O - Leffingwell Allotment Road Improvement	45,000	0.00%
OPWC Loan CG37T - Parks and Central Street Repairs	37,489	0.00%
OPWC Loan CG16U - WWTP Headworks Improvements	34,112	0.00%
OPWC Loan CG16S - Penniman Road Repair	23,879	0.00%
OPWC Loan CG16G - East Main Street Watermain Replacement	3,750	0.00%
OPWC Loan CG06Q - Water Facility Rehabilitation	50,400	0.00%
OPWC Loan CG15H - Water Main Replacement Phase II	3,639	0.00%
OWDA Loan 9881 - Refinance WTP Mortgage Revenue Bond	551,180	2.89%
OWDA Loan 9878 - Refinance WTP Mortgage Revenue Bond	666,646	2.89%
Erie Bank Loan - Fire Truck Loan	41,705	2.75%
Erie Bank Loan - Wastewater Land Purchase	103,158	2.85%
Total	<u>\$ 1,600,564</u>	

The Ohio Public Works Commission (OPWC) Phase I and Phase II East Main Street water main replacement loans were entered into in 2006 and will be repaid in semiannual installments, interest free, over twenty years. The Leffingwell Allotment loan was entered into in 2012 and will be repaid in semiannual installments, interest free, over twenty years. The Water Meter Upgrades loan was entered into in 2014 and will be repaid in semiannual installments, interest free, over twenty years.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt (continued)

The Penniman Road repair was entered into in 2017 and will be repaid in semiannual installments, interest free, over twenty years. The Park and Central Street repairs loan was entered into in 2018 and will be repaid in semiannual installments, interest free, over twenty years.

In 2020 the Village entered a loan with Erie Bank to purchase a fire truck, with interest rate of 2.750%, paid quarterly and is scheduled to be paid off in 2025.

The Ohio Public Works Commission Wastewater Treatment Plant Headworks loan was entered into 2020 and will be repaid in semi-installments, interest free, over twenty years.

In 2021 the Village entered a loan with Erie Bank for the purchase of property with the interest rate of 2.850%, paid quarterly, and is scheduled to be paid off in 2028.

The Village entered into OWDA loans for the refinancing of USDA Bonds with interest rates of 2.89% and is scheduled to be paid off in 2043.

The Village entered into a loan with OPWC for Park and Central Street Repairs in 2018. This loan is paid on a semi-annual basis in amount of \$1,388 with no interest. This loan is expected to be paid off in 2038.

The Village entered into a loan with OPWC for Water Facility Rehabilitation in 2015. This loan is paid on a semi-annual basis in amount of \$2,400 with no interest. This loan is expected to be paid off in 2035.

The Village entered into a loan with OPWC for Water Main Replacement 2 in 2006. This loan is paid on a semi-annual basis in amount of \$910 with no interest. This loan is expected to be paid off in 2027.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC	OWDA	Erie Bank
2025	\$ 27,149	\$ 87,250	\$ 72,761
2026	23,399	87,250	29,053
2027	21,580	87,250	29,053
2028	21,580	87,250	21,791
2029	21,580	87,250	-
2030-2034	92,900	436,252	-
2035-2039	27,556	436,252	-
2040-2044	2,131	261,752	-
Total	<u>\$ 237,875</u>	<u>\$ 1,570,506</u>	<u>\$ 152,658</u>

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 10 – Related Party Transactions

A Village Council member is part owner of a company from which the Village acquired business cards and other printed material during the year. The Village paid \$625 for these items.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$ 30,141	\$ 7,395	\$ 7,000	\$ 44,536
Total	<u>\$ 30,141</u>	<u>\$ 7,395</u>	<u>\$ 7,000</u>	<u>\$ 44,536</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Construction and Contractual Commitments

In 2023, the Village entered into a construction contract with C&J Construction for installation of PVR Vaults and Water Tower Demolition. The project was substantial complete at the end of 2024 and the outstanding balance due the contractor is \$122,360.

Village of Orwell
Ashtabula County
Combined Statement of Receipts, Disbursements, and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$64,234	\$96,417	\$ -	\$ -	\$ 160,651
Municipal Income Tax	1,452,053	-	-	-	1,452,053
Intergovernmental	258,769	160,808	-	-	419,577
Charges for Services	7,143	71,455	-	-	78,598
Fines, Forfeitures and Settlements	6,379	325	-	-	6,704
Earnings on Investments	141,302	2,147	-	-	143,449
Miscellaneous	11,710	9,349	-	-	21,059
<i>Total Cash Receipts</i>	<u>1,941,590</u>	<u>340,501</u>	<u>-</u>	<u>-</u>	<u>2,282,091</u>
Cash Disbursements					
Current:					
Security of Persons and Property	476,105	149,495	-	-	625,600
Public Health Services	12,628	-	-	-	12,628
Leisure Time Activities	3,090	-	-	-	3,090
Basic Utility Services	-	10,500	-	-	10,500
Transportation	-	96,047	-	-	96,047
General Government	461,443	-	-	-	461,443
Capital Outlay	69,641	850	-	196,552	267,043
Debt Service:					
Redemption of Principal	49,902	10,601	-	82,599	143,102
Interest and Fiscal Charges	4,657	555	-	4,816	10,028
<i>Total Cash Disbursements</i>	<u>1,077,466</u>	<u>268,048</u>	<u>-</u>	<u>283,967</u>	<u>1,629,481</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>864,124</u>	<u>72,453</u>	<u>-</u>	<u>(283,967)</u>	<u>652,610</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	-	-	10,000	10,000
Transfers In	-	30,000	-	312,800	342,800
Transfers Out	(342,800)	-	-	-	(342,800)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(342,800)</u>	<u>30,000</u>	<u>-</u>	<u>322,800</u>	<u>10,000</u>
<i>Excess of Cash receipts and other Financing Receipts Over/(Under). Cash Disbursements and Other Financing Disbursements</i>	<u>521,324</u>	<u>102,453</u>	<u>-</u>	<u>38,833</u>	<u>662,610</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>1,663,729</u>	<u>615,111</u>	<u>16,683</u>	<u>760,565</u>	<u>3,056,088</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,185,053</u>	<u>\$ 717,564</u>	<u>\$ 16,683</u>	<u>\$ 799,398</u>	<u>\$ 3,718,698</u>

See notes to the financial statements

Village of Orwell
Ashtabula County
Statement of Receipts, Disbursements, and Changes in
Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 732,864
Fines, Licenses and Permits	3,450
Miscellaneous	<u>6,074</u>
<i>Total Operating Cash Receipts</i>	<u>742,388</u>
Operating Cash Disbursements	
Personal Services	257,805
Contractual Services	245,562
Supplies and Materials	<u>31,106</u>
<i>Total Operating Cash Disbursements</i>	<u>534,473</u>
<i>Operating Income (Loss)</i>	<u>207,915</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(56,130)
Miscellaneous	3,573
Principal Retirement	(44,724)
Interest and Other Fiscal Charges	(50,758)
Other Financing Uses	<u>(4,379)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(152,418)</u>
<i>Income (Loss) before Interfund Transfers</i>	55,497
Transfers In	30,000
Transfers Out	<u>(30,000)</u>
<i>Net Change in Fund Cash Balances</i>	55,497
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>2,844,129</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,899,626</u></u>

See notes to the financial statements

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Orwell, Ashtabula County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and police. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). Note 6 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair

The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Street Levy Fund

This fund receives real estate tax monies to maintain the streetlights within the Village limits.

Fire Levy Fund

This fund receives real estate tax monies to help maintain the fire department.

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Sewer Bonded Debt Fund

This fund receives assessments of citizens of the Village. Proceeds are used for sewer plant improvements.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Fire Truck Fund

The fire truck fund accounts for and reports proceeds of income tax collections for purchase of fire truck.

Infrastructure Fund

The Infrastructure fund accounts for, and reports, proceeds of income tax collections for Infrastructure improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund

The water fund receives charges for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund

The sewer fund receives charges for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Improvement Fund

The water improvement fund receives charges for restricted to the utility plant expansion.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances - Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured 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.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual Receipts	Variance
	Receipts		
General	\$ 1,840,778	\$ 1,941,590	\$ 100,812
Special Revenue	357,682	370,501	12,819
Debt Service	79,473	-	(79,473)
Capital Projects	344,654	322,800	(21,854)
Enterprise	830,318	775,961	(54,357)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$ 1,691,352	\$ 1,420,266	\$ 271,086
Special Revenue	323,371	268,048	55,323
Debt Service	-	-	-
Capital Projects	321,435	283,967	37,468
Enterprise	1,032,516	720,464	312,052

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account for a clearing account that are not part of this pool.

A summary of the Village's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$ 5,028,460
Total deposits	5,028,460
STAR Ohio	1,589,864
Total investments	1,589,864
Total deposits and investments	\$ 6,618,324
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in the Pool)	\$ 12,610

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents unremitted payroll withholdings.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village or collateralized through 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (continued)

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Some Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Eight Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. 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. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund those benefits.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CG02L - Breezewood Lane, Mist Avenue	\$ 1,667	0.00%
OPWC Loan CG48O - Water Meter Upgrades	43,567	0.00%
OPWC Loan CG40O - Leffingwell Allotment Road Improvements	51,000	0.00%
OPWC Loan CG37T - Parks and Central Street Repairs	40,265	0.00%
OPWC Loan CG16U - WWTP Headworks Improvements	36,244	0.00%
OPWC Loan CG16S - Penniman Road Repair	25,790	0.00%
OPWC Loan CG16G - East Main Street Watermain Replacement	7,500	0.00%
OPWC Loan CG06Q - Water Facility Rehabilitation	55,200	0.00%
OPWC Loan CG15H - Water Main Replacement Phase II	5,459	0.00%
OWDA #9878 (Refinance USDA 92-01)	694,536	2.89%
OWDA #9881 (Refinance USDA 92-05)	574,238	2.89%
Erie Bank Loan - Fire Truck Loan	126,570	2.75%
Erie Bank Loan - 2016 International 4300 Dump Truck	5,328	4.37%
Erie Bank Loan - Wastewater Land Purchase	128,765	2.85%
Total	<u>\$ 1,796,129</u>	

The previous audit report balance was overstated by \$85.

The Ohio Public Works Commission (OPWC) Phase I and Phase II East Main Street water main replacement loans were entered into in 2006 and will be repaid in semiannual installments, interest free, over twenty years. The Breezewood loan was entered into during 2008 and will also be repaid in semiannual installments, interest free, over 20 years, collateralized by the taxing authority of Village. The Leffingwell Allotment loan was entered into in 2014 and will be repaid in semiannual installments, interest free, over twenty years. The Water Meter Upgrades loan was entered into in 2014 and will be repaid in semiannual installments, interest free, over twenty years.

The Penniman Road repair was entered into in 2017 and will be repaid in semiannual installments, interest free, over twenty years. The Park and Central Street repairs loan was entered into in 2018 and will be repaid in semiannual installments, interest free, over twenty years.

In 2019 the Village entered a loan with Erie Bank for a dump truck with interest rate of 4.370%, paid quarterly and is scheduled to be paid off in 2024.

In 2020 the Village entered a loan with Erie Bank to purchase a fire truck, with interest rate of 2.750%, paid quarterly and is scheduled to be paid off in 2025.

The Ohio Public Works Commission Wastewater Treatment Plant Headworks loan was entered into in 2020 and will be repaid in semi-installments, interest free, over twenty years.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

In 2021 the Village entered a loan with Erie Bank for the purchase of property with the interest rate of 2.850%, paid quarterly, and is scheduled to be paid off in 2028.

The Village entered into OWDA loans for the refinancing of USDA Bonds with interest rates of 2.89% and is scheduled to be paid off in 2043.

The Village entered into a loan with OPWC for Water Facility Rehabilitation in 2015. This loan is paid on a semi-annual basis in amount of \$2,400 with no interest. This loan is expected to be paid off in 2035.

The Village entered into a loan with OPWC for Water Main Replacement 2 in 2006. This loan is paid on a semi-annual basis in amount of \$910 with no interest. This loan is expected to be paid off in 2027.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC	OWDA	Erie Bank
2024	\$ 28,816	\$ 87,250	\$ 121,955
2025	27,149	87,250	73,508
2026	25,274	87,250	29,053
2027	24,365	87,250	29,053
2028	21,580	87,250	21,920
2029-2033	104,900	436,252	-
2034-2038	34,608	436,252	-
2039-2043	-	349,002	-
Total	<u>\$ 266,692</u>	<u>\$ 1,657,756</u>	<u>\$ 275,489</u>

Note 10 – Related Party Transactions

A Village Council member is part owner of a company from which the Village acquired business cards and other printed material during the year. The Village paid \$560 for these items.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Village of Orwell, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Restatement of Fund Cash Balance

The Village modified their beginning fund cash balance at January 1, 2023 in the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Fund, and Enterprise Fund. The General Fund and Enterprise Fund amounts were the voiding of duplicate checks. The Special Revenue Fund and Capital Projects Fund was due to voiding of duplicate checks and void of duplicate receipts. The Village also decreased their beginning fund cash balance in the Debt Service Fund for previous audit adjustments and the moving of monies to enterprise debt service fund. The effect of these adjustments on beginning fund cash balance is reflected in the chart below.

	12/31/2022		1/1/2023
	As Previously		
	Reported	Adjustment	As Restated
General Fund	\$1,628,306	\$35,423	\$1,663,729
Special Revenue Funds	605,878	9,233	615,111
Debt Service Funds	56,683	(40,000)	16,683
Capital Projects Funds	728,711	31,854	760,565
Enterprise Funds	2,773,522	70,607	2,844,129
Total Governmental Funds	<u>\$5,793,100</u>	<u>\$107,117</u>	<u>\$5,900,217</u>

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

Village of Orwell
Ashtabula County
179 West Main St
Orwell, Ohio 44076

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Village of Orwell, Ashtabula County, (the Village) and have issued our report thereon dated July 24, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village'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 Village'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*.

We noted certain matters not requiring inclusion in this report that we reported to the Village management in a separate letter dated July 24, 2025.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

July 24, 2025

**VILLAGE OF ORWELL
ASHTABULA COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness - Bank Reconciliation	Corrected	N/A
2022-002	Material Weakness - Audit Adjustments/Reclassification	Partially Corrected	N/A
2022-003	Non-compliance – ORC 5705.41(D) - Certification of Expenditures	Partially Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ORWELL

ASHTABULA 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 12/18/2025

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