

VILLAGE OF NEWTON FALLS

TRUMBULL COUNTY

Preparation Report

For the Year Ended December 31, 2023



Village of Newton Falls
Trumbull County
For the Year Ended December 31, 2023

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Village of Newton Falls, Ohio
Trumbull 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 297,816	\$ 18,546	\$ -	\$ 316,362
Municipal Income Tax	1,156,901	-	-	1,156,901
Intergovernmental	225,804	407,047	-	632,851
Charges for Services	405,186	84,186	-	489,372
Fines, Licenses and Permits	582,143	135,715	-	717,858
Earnings on Investments	213,783	4,780	-	218,563
Miscellaneous	161,436	101,702	-	263,138
<i>Total Cash Receipts</i>	<u>3,043,069</u>	<u>751,976</u>	<u>-</u>	<u>3,795,045</u>
Cash Disbursements				
Current:				
Security of Persons and Property	827,721	9,403	-	837,124
Leisure Time Activities	5,645	16,208	-	21,853
Community Environment	67,709	-	-	67,709
Transportation	-	418,241	-	418,241
General Government	1,518,228	110,307	-	1,628,535
Capital Outlay	38,995	157,453	-	196,448
Debt Service:				
Principal Retirement	9,003	37,030	28,218	74,251
Interest and Fiscal Charges	-	48,517	3,742	52,259
<i>Total Cash Disbursements</i>	<u>2,467,301</u>	<u>797,159</u>	<u>31,960</u>	<u>3,296,420</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>575,768</u>	<u>(45,183)</u>	<u>(31,960)</u>	<u>498,625</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	74,630	-	-	74,630
Transfers In	920,553	165,942	56,131	1,142,626
Transfers Out	(1,177,561)	(3,123)	-	(1,180,684)
Advances In	111,333	-	-	111,333
Advances Out	(53,333)	(58,000)	-	(111,333)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(124,378)</u>	<u>104,819</u>	<u>56,131</u>	<u>36,572</u>
<i>Net Change in Fund Cash Balances</i>	451,390	59,636	24,171	535,197
<i>Fund Cash Balances, January 1</i>	<u>344,754</u>	<u>2,152,911</u>	<u>(10,859)</u>	<u>2,486,806</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 796,144</u>	<u>\$ 2,212,547</u>	<u>\$ 13,312</u>	<u>\$ 3,022,003</u>

See accompanying notes to the basic financial statements

Village of Newton Falls, Ohio
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 9,989,748	\$ 703,752	\$ 10,693,500
Miscellaneous	54,811	253,324	308,135
<i>Total Operating Cash Receipts</i>	<u>10,044,559</u>	<u>957,076</u>	<u>11,001,635</u>
Operating Cash Disbursements			
Personal Services	1,201,299	87,463	1,288,762
Employee Fringe Benefits	561,597	54,663	616,260
Contractual Services	5,074,072	73,399	5,147,471
Supplies and Materials	471,101	11,801	482,902
Claims	-	940,520	940,520
Other	853,958	-	853,958
<i>Total Operating Cash Disbursements</i>	<u>8,162,027</u>	<u>1,167,846</u>	<u>9,329,873</u>
<i>Operating Income (Loss)</i>	<u>1,882,532</u>	<u>(210,770)</u>	<u>1,671,762</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	(12,102)	-	(12,102)
Earnings on Investments (proprietary funds only)	37,120	-	37,120
Other Debt Proceeds	322,462	-	322,462
Capital Outlay	(495,670)	-	(495,670)
Excise Tax Payment - Electric	(159,299)	-	(159,299)
Principal Retirement	(1,083,652)	-	(1,083,652)
Interest and Other Fiscal Charges	(350,509)	-	(350,509)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,741,650)</u>	<u>-</u>	<u>(1,741,650)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	140,882	(210,770)	(69,888)
Transfers In	649,957	-	649,957
Transfers Out	(611,899)	-	(611,899)
Advances In	26,000	-	26,000
Advances Out	(26,000)	-	(26,000)
<i>Net Change in Fund Cash Balances</i>	178,940	(210,770)	(31,830)
<i>Fund Cash Balances, January 1</i>	<u>5,181,804</u>	<u>662,036</u>	<u>5,843,840</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,360,744</u>	<u>\$ 451,266</u>	<u>\$ 5,812,010</u>

See accompanying notes to the basic financial statements

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Newton Falls (the Village), Trumbull County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a five-member Council elected at large for four-year terms. The Mayor is elected to a four-year term, serves as President of the Council and votes only to break a tie.

Due to a population drop in the 2010 census, the Village issued a proclamation according to section 703.06 of the Ohio Revised Code and is now to be known as a Village. However, the Village website, emblems, and organizational chart still say City.

The Village provides the following services to its citizens: general government services, street maintenance services, park and recreation services, water, sewer, electric and storm water utilities, and police services. The Village contracts with the Newton Falls Joint Fire District to provide fire protection services. Council has direct responsibility for these services.

Jointly Governed Organization

The Villages participates in the Regional Income Tax Authority, a jointly governed organization, Note 12 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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, which are all 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 Fund:

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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:

Capital Improvement Fund The capital improvement fund accounts for and reports income tax revenues restricted for capital improvements for the police department, street construction, maintenance and repair, and for general purposes.

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 accounts for the provision of water treatment and distribution to the residential and commercial users located within the Village.

Electric Fund The electric fund accounts for electric services and distribution to the residential and commercial users located within the Village

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had two internal service funds. The governmental activities internal service fund accounts for the self-insurance program for employee medical benefits and the business-type activities internal service fund accounts for utility office activity.

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. The Board 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. Unencumbered appropriations lapse at year end.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 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.

The Village values U.S. Treasury Notes and common stock at cost or fair value when donated. Money market mutual funds are recorded at share values the mutual funds report. 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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$14,152 are reflected as miscellaneous revenue in the OneOhio Opioid Special Revenue Fund in the accompanying financial statements.

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 Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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). The Village must adhere to these commitments unless the Council amends the resolution. 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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,516,114	\$ 4,149,585	\$ (366,529)
Special Reveune	1,042,491	917,918	(124,573)
Capital Projects	68,889	56,131	(12,758)
Enterprise	12,116,244	11,080,098	(1,036,146)
Internal Service Fund	1,275,563	957,076	(318,487)

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity (continued)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,244,681	\$ 3,702,570	\$ 542,111
Special Revenue	1,123,167	858,282	264,885
Capital Projects	41,527	31,960	9,567
Enterprise	13,675,475	11,618,502	2,056,973
Internal Service Fund	1,345,745	1,167,846	177,899

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:

	2023
Demand deposits	\$ 1,903,713
Money Market	1,472
Total deposits	1,905,185
Money Market mutual funds	42,637
US Government issues	3,603,009
Corporate bonds and notes	1,496,369
StarOhio	1,786,813
Total investments	6,928,828
Total deposits and investments	\$ 8,834,013

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 plus all remitted payroll withholdings. The balance in the Village payroll clearing account represents unremitted employee payroll withholdings. At December 31, 2023, the Village did not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, 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.

Investments

A financial institution’s trust department holds the Village’s equity securities in book-entry form in the Village’s name.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 and collects a municipal income tax of 1% 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. In 2014, Council approved an ordinance which repealed the credit for tax paid to another municipality in the Tax Code. This was in effect for the 2014 tax year and thereafter. In 2023, the net proceeds were allocated 80% to the general fund, 2% to the general reserve, 11.5% to the street, construction, repair and maintenance special revenue fund, 1.5% to the park and recreation special revenue fund, and 5% to the capital improvement capital projects fund. The Village utilizes the Regional Income Tax Authority (RITA) for the collection of income taxes.

Note 6 – Transfers

Transfers for the year ended December 31, 2023 consisted of the following:

Transfers To	Transfers From			
	General	Special Revenue	Enterprise	Total
General	\$ 920,553	\$ -	\$ -	\$ 920,553
Special Revenue	165,942	-	-	165,942
Capital Projects	56,131	-	-	56,131
Enterprise	34,935	3,123	611,899	649,957
Total	\$ 1,177,561	\$ 3,123	\$611,899	\$1,792,583

Note 7 – Risk Management

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.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management (continued)

Employee Health Benefits

The Village provides employees with a health benefit plan insured through Ohio Mutual. A portion of the Village’s health plan design is self-insured. In that it provides benefits beyond those provided by Ohio Mutual. The maximum exposure for the self-insured portion of claims is \$10,000 per employee per year. These claims are administered by the Ohio Public Entity Consortium.

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2023, retention levels are \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2023 (latest information available):

Assets	\$ 841,929
Liabilities	<u>(1,029,623)</u>
Accumulated Surplus/(Deficit)	<u>\$ (187,694)</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police and firefighters, 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% 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.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

The Village’s certified Fire Fighters and 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 12.5% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages and 24% of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2023.

Note 9 – 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% for members in the traditional pension plan and 2% 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%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Note 10 – Debt

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

	Principal	Interest Rate
AMI Certificates of Participation	\$ 2,218,000	2.40%
Ohio Public Works Commission Loans	697,590	0.00%
Ohio Water Development Authority Loans	5,936,698	various
Mortgage Bonds	5,744,700	4.38%
2020 Various Bonds (General)	84,600	2.40%
Capital Leases	499,888	various
2023 CAT Backhoe	96,092	5.20%
Total	15,277,568	

In 2021 The Village opened new OPWC loan CF30X for amount of \$180,063 for the First Street Mill and Fill project. This loan will be paid in semiannual payments of \$9,003.15 until the final payment in 2032. This loan has no interest rate. This Debt will be paid out of the Water Debt Service Fund.

In 2005, the Village opened an OPWC loan CF21F for amount of \$253,463 for the Broad Street Water Distribution Project. This loan will be paid in semiannual payments of \$6,337 until the final payment in 2025. This loan does not have an interest rate. This debt will be paid out of the Water Debt Service Fund.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (continued)

In 2006, the Village opened an OPWC loan CF28G for amount of \$43,187 for the Water Main Valve Replacement. This loan will be paid in semiannual payments of \$1,080 until the final payment in 2026. This loan does not have an interest rate. This debt will be paid out of the Water Debt Service Fund.

In 2015, the Village opened an OPWC loan CF12P for amount of \$448,307 for the Elevated Water Storage Tank Rehabilitation. This loan will be paid in semiannual payments of \$11,208 until the final payment in 2035. This loan does not have an interest rate. This debt will be paid out of the Water Debt Service Fund.

In 2019, the Village opened an OPWC loan CF07U for amount of \$130,883 for the South Canal Waterline Ph V. This loan will be paid in semiannual payments of \$3,272 until the final payment in 2039. This loan does not have an interest rate. This debt will be paid out of the Water Debt Service Fund.

In 2022, the Village opened a new OPWC loan CT26X for amount of \$133,609 for the Washington Avenue Storm Sewer Improvements. This loan will be paid in semiannual payments of \$3,340 starting in 2023 until the final payment in 2042. This loan does not have an interest rate. This debt will be paid out of the Sewer Enterprise Fund.

In 2005, the Village opened a new OPWC loan CF16F for amount of \$186,493 for the Broad Street Storm Water Project. This loan will be paid in semiannual payments of \$4,662 until the final payment in 2025. This loan does not have an interest rate. This debt will be paid out of the Stormwater Operations Fund.

In 2015, the Village opened an OWDA loan #5574 for the amount of \$40,318 for the Warren Avenue Combined Sewer Separation. This loan will be paid in semiannual payments of \$1,407 until the final payment in 2030. This loan carries an interest rate of 1%. This debt will be paid out of the Sewer Enterprise Fund,

In 2022, the Village opened an OWDA loan #9836 for the amount of \$4,154,175 for the Waste Water Treatment Plant Refi 2020 Series A. This loan will be paid in semiannual payments of \$123,728 starting in 2023 until the final payment in 2048. This loan carries an interest rate of 3.26%. This loan will be paid out of the Sewer Debt Service Fund.

In 2022, the Village opened an OWDA loan #9911 for the amount of \$1,846,822 for the Waste Water Treatment Plant Refi 2020 Series B. This loan will be paid in semiannual payments of \$55,006 starting in 2023 until the final payment in 2048. This loan carries an interest rate of 3.26%. This loan will be paid out of the Sewer Debt Service Fund.

Mortgage Revenue bonds of the Village of Newton Falls are obligations of the Village secured by a mortgage upon all assets of the sewer system. These bonds are payable solely from gross revenues of the sewer system after provisions for operating and maintenance expense. These bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for services to customers in sufficient amounts to satisfy the annual obligation under the indenture agreement. In addition, special provisions exist regarding covenant violations, redemptions of principal, payment of interest, establishing renewal and replacement accounts and maintenance for properties.

During 2020, the Village issued general obligation bonds for various purposes. The general obligations bonds mature in 2030 and carry an interest rate of 2.4%.

Village of Newton Falls, Ohio
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (continued)

Certificates of Participation – During 2020, the Village entered into a lease agreement for \$3,128,000 with Huntington Bank for a water and electric meter replacement project. The lease is an annual lease subject to renewal for ten years through May 1, 2030. The certificates will be paid from the water and electric funds.

In 2023, the Village entered into an agreement with Caterpillar in the amount of \$125,119 for a new backhoe. This loan will be paid in semiannual amounts of \$17,524 starting in 2023 until the final payment in 2026. This loan carries an interest rate of 5.199%.

Leases

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$207,185 to pay lease costs for the year ended December 31, 2023.

Amortization

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

Year ending December 31:	Capital Leases	AMI COGs	OPWC Loans	ODWA Loans	Mortgage Bonds	2020 VP Bonds	2023 Cat Backhoe
2024	152,951	371,324	77,803	180,141	382,431	13,096	35,049
2025	134,212	370,596	77,803	360,282	382,496	13,124	35,049
2026	120,991	369,712	54,726	360,282	382,405	13,144	35,049
2027	78,461	369,648	53,646	360,282	382,459	13,157	-
2028	78,461	371,380	53,646	360,282	382,436	13,163	-
2029-2033	-	556,080	250,225	1,792,969	1,912,300	26,219	-
2024-2038	-	-	99,746	1,787,334	1,912,275	-	-
2039-2043	-	-	29,995	1,787,334	1,912,147	-	-
2044-2048	-	-	-	1,608,596	1,912,243	-	-
Total	<u>\$565,076</u>	<u>\$2,408,740</u>	<u>\$ 697,590</u>	<u>\$8,597,502</u>	<u>\$9,561,192</u>	<u>\$91,903</u>	<u>\$ 105,147</u>

Village of Newton Falls, Ohio
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For the Year Ended December 31, 2023

Note 10 – Debt (continued)

American Municipal Power Generating Station Project (latest information available)

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 7,130 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.92 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$1,239,847. The Village received a credit of \$223,521 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$322,453 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired cost balance of \$693,873. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$416,324 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$15,453 and interest expense incurred on AMP's line-of-credit of \$115,601, resulting in a net impaired cost estimate at December 31, 2023 of \$502,977. The Village does have a potential PHFU Liability of \$395,549 resulting in a net total potential liability of \$804,153, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 8 years through a power cost adjustment.

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Village of Newton Falls, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Contingent Liabilities (continued)

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organization

Reigonal Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments.

The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$33,236 for income tax collection services.

Note 13– 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>
Nonspendable:	
Unclaimed Monies	\$ 19,902
Outstanding Encumbrances	<u>4,375</u>
Total	\$ 24,277

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are 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.