



Annual Comprehensive Financial Report
For the years ended December 31, 2022 and 2021

NORTHWESTERN WATER & SEWER DISTRICT

Political Subdivision of the Wood County and the State of Ohio

Prepared by Kay Ball, CFO



THE DISTRICT

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Northwestern Water and Sewer District
12560 Middleton Pike
P. O. Box 348
Bowling Green, Ohio 43402

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

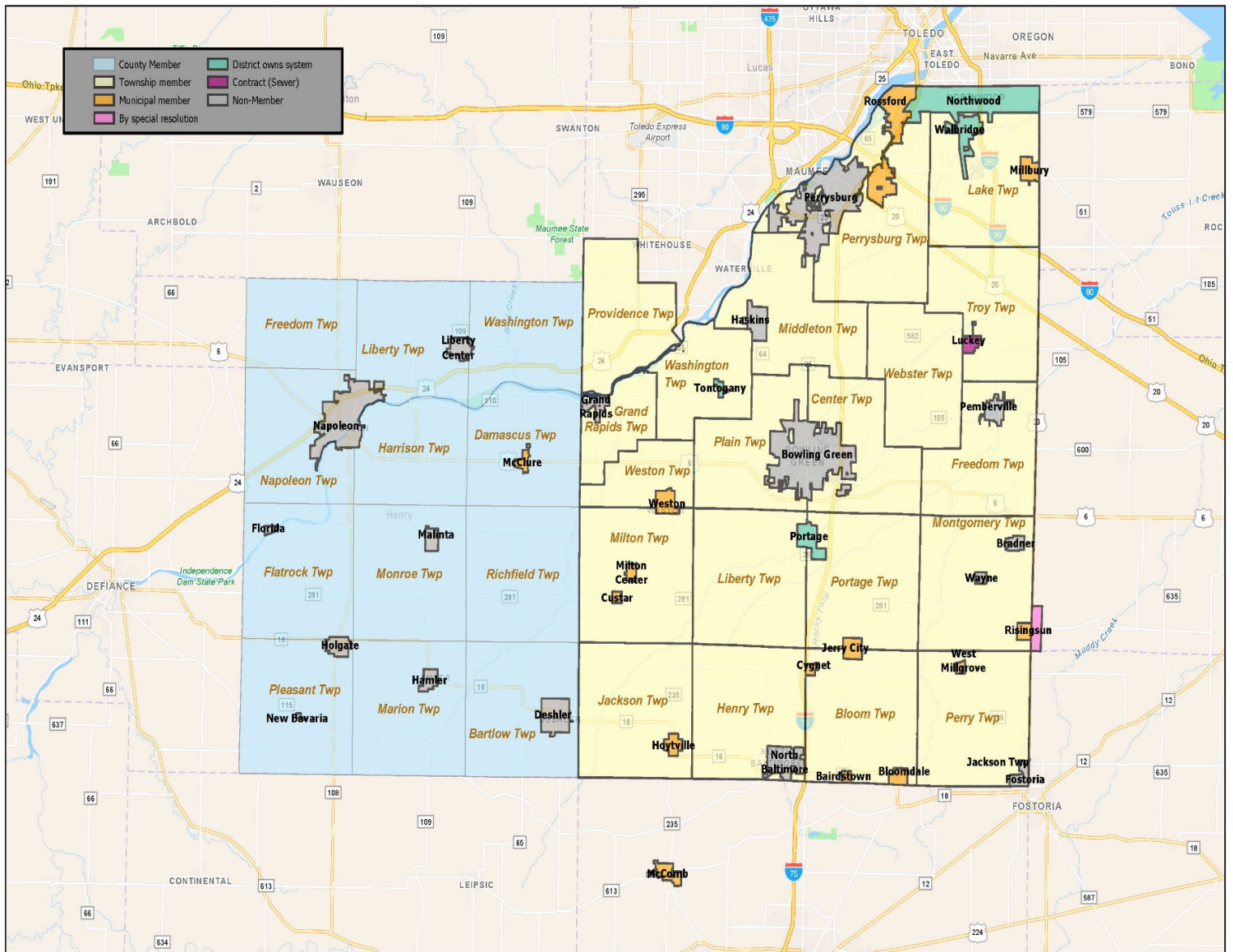
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Northwestern Water and Sewer District is responsible for compliance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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 07, 2023

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**NORTHWESTERN WATER & SEWER DISTRICT
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June 23, 2023

To the Board of Trustees and Citizens Served by The Northwestern Water and Sewer District:

The Annual Comprehensive Financial Report of the Northwestern Water and Sewer District (“The District”) for the year ended December 31, 2022, is hereby submitted. This report follows guidelines set forth by the Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). This report consists of management’s representations concerning finances of The District. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management.



To provide a reasonable basis for making these representations, management of The District has established an internal control framework that is designed both to protect District assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of The District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, The District’s comprehensive framework of internal controls

has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects, to the best of our knowledge and belief. All disclosures necessary to enable the reader to gain an understanding of The District’s activities have been included.

The District is required to undergo an annual audit in conformity with government auditing standards. Information related to this audit, includes the independent auditor’s report on internal control over financial reporting and on compliance and other matters.

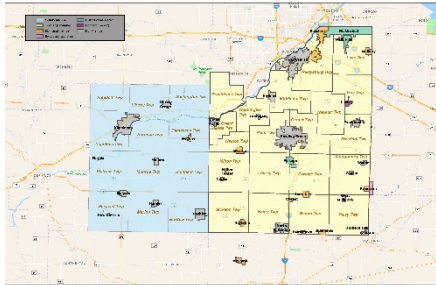
As part of The District’s audit, described earlier, tests were made by The District’s external auditors of its internal control structure and compliance with applicable laws and regulations. Although this testing is not sufficient to support a separate opinion on The District’s internal control system or its overall compliance with laws, the audit for the year ended December 31, 2022, disclosed no material internal control weaknesses or material violations of laws and regulations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is intended to compliment MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

Included in the accompanying financial statements are all accounts of the Northwestern Water and Sewer District. For accounting purposes, The District is accounted for as a single enterprise fund. The reporting is described in Note 1 to the financial statements.

Included at the end of the Statistical Section is a section titled “Continuing Disclosure Requirements”. The schedules in this section are in addition to those required by the Government Finance Officers Association and are presented in compliance with the terms of the Continuing Disclosure Agreement in conjunction with the issuance of the Water Resource Improvement and Refunding Revenue Bonds, Series 2002.

PROFILE OF THE DISTRICT



The District is a regional water and sewer district established pursuant to Chapter 6119 of the Ohio Revised Code. The District is operated pursuant to the authority of the Ohio Revised Code which specifically authorizes the formation of such districts.

In 1991, the County of Wood, Ohio, together with five municipalities and 14 townships, petitioned the Court of Common Pleas of Wood County for the establishment of a regional water and sewer district under Chapter 6119, Ohio Revised Code, to assume ownership and operation of the water and sewer facilities owned and operated by the County. The Court created The District on May 18, 1992 and approved a formal plan of operation on September 29, 1993. The District is currently comprised of 14 municipalities and 20 townships.

The District has authority to levy taxes to pay current operating expenses or debt service charges only with a vote of a majority of its electors. The District may submit the question of issuing bonds of The District and levying a tax outside the ten-mill limitation imposed by Article XII, Section 2 of the Ohio Constitution to pay the principal and interest on such bonds to the electors within the territorial limits of The District. The District may also submit to its electors the question of levying a tax in excess of the ten-mill limitation to pay current expenses of The District or to pay any portion of the cost of water resource projects. Such levy may not exceed ten years. The District currently has no plans to submit a bond issue or tax levy to its electors.

The District may assess real estate for the cost of improvements to the water or sewer system and may issue bonds or notes in anticipation of the collection of such assessments. The District may also issue revenue resource bonds and notes the principal of and interest on which is payable from District revenues generated from charges for water and/or sewer services.

General provisions regulating The District’s budget and appropriation procedures are set forth in the Ohio Revised Code. The President is required to submit The District’s operating and capital budgets to the Board of Trustees, and they are required to adopt such budgets by March 31 of the year to which they apply.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Wood County is centrally located in the Toledo Trade Area and is classified as belonging to the Toledo Metropolitan Statistical Area (MSA). The 2022 population of the MSA is estimated to be approximately 644,217, of which the County accounted for approximately 132,472 in 2022. The County is the second largest in the Toledo MSA.

The Wood County economy is composed of three major activities: agriculture, manufacturing and education. Agriculture has always been an important part of Wood County, both economically and socially.

Manufacturing is another critical component of the Wood County economy. Most manufacturing industries in the county are involved in either the production of food stuffs, automotive parts and sub-assemblies or machinery. However, the County has seen a diversification of its industrial tax base over the last several years.

Higher education is also of major significance to the Wood County economy. Bowling Green State University, located in the City of Bowling Green, serves as the center of this activity. For the 2021-22 school year, the university had 20,000 students, 800+ full-time faculty as well as 1,299 full and part-time administrative and classified staff. In addition to Bowling Green State University, Wood County is home to Owens Community College. For 2022, Owens had a student enrollment of approximately 6,357 in over 120 program areas by a full-time faculty of 133. Students, faculty and staff members of both higher education facilities contribute heavily to the economy of Wood County.

Long-Term Financial Planning

In 2009, The District established a strategic architecture that identified a mission statement, three key business drivers and action plans for each of the three business drivers. The action plans became the basis for establishing the 2022 budget. This process will continue in 2023 with results measured and compared to the plan. The main focus of the plan will be on how to continue to grow The District while not providing an undue financial burden on our customers.

The District has begun a program to address inflow and infiltration into its sewer system. A large retention basin has been constructed to hold overflow during peak rain events. Inflow and infiltration is being studied and addressed throughout the system as well.

At year-end, The District had debt outstanding of \$96,648,019. Outstanding bonds of The District are rated Aa3 by Moody's and AA- by Standard & Poor's rating agencies. The District has a MIG-1 rating from Moody's on short-term borrowing. Notes 5 and 6 to the audited financial statements include schedules of debt outstanding and future debt service requirements.



DISTRICT MAJOR INITIATIVES

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwestern Water and Sewer District for its Annual Comprehensive Financial Report (ACFR) for the year ending December 31, 2021. This was the nineteenth year that The District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Sanitary Sewer Infiltration and Inflow Reduction

The District is mandated by the Ohio EPA to reduce wet weather infiltration and inflow into the sanitary sewer systems. Old, leaking sewers, laterals, cleanouts and manholes allow storm water to enter the system reducing the capacity for sanitary sewage flow. At times the sewer system will surcharge, causing basement backups and overflows to area streams. These events can cause health issues, property damage and pollutants to enter the Lake Erie watershed. The District has invested several million dollars over the last ten years to mitigate these problems.

In addition to the rehabilitation of public sewers and infrastructure, we encourage our customers to make similar improvements to their private sanitary laterals and systems. A grant program has been initiated to share the costs of private sewer rehabilitation for our customers. A grant of 50% of the cost of the improvements related to stormwater removal is available. The maximum grant amount is \$2,000 per household.

The District also has a program to assist private community systems by purchasing materials related to private sewer rehabilitation for incorporation into the construction of these improvements.

These efforts have significantly reduced the volume of stormwater in our sanitary sewers. Much work remains in the future and these policies and programs will remain in place to continue the reduction of infiltration and inflow to our system.

McComb Regional Water Connection

The Village of McComb joined the Northwestern Water and Sewer District in 2016. McComb receives treated drinking water from a municipal water treatment facility located in the Village. This plant was constructed in 1999. The raw water source is a small stream with a very limited drainage area. The raw water quality is difficult to treat with the existing water plant process. It is anticipated that a major plant upgrade and reconstruction of the plant will be required in the coming years. The District studied the options for the future of this system and determined that a regional connection to the Village of North Baltimore is the best long-term alternative. The District has entered into an agreement with North Baltimore to purchase finished water for McComb and surrounding areas. We have secured federal funding for the construction of a regional water transmission main. Design is complete, and construction began in 2022 with completion planned for 2023. This water main will provide safe and affordable drinking water to many homes and the rural areas surrounding McComb. The estimated cost for this project is \$7,000,000.

Ford Road Sanitary Pump Station Replacement

The Ford Road Pump Station serves a large sewer service area in and around the City of Perrysburg. This station was constructed in the seventies, and it serves several hundred residential and commercial properties. The station is subjected to high flows during wet weather which can require bypass pumping to prevent basement flooding. The pumps will be sized to handle additional flow to minimize bypass pumping. The station has a deep and dangerous wet well that requires personnel to enter possibly unsafe conditions. The new station will be updated with submersible pumps that will minimize entry to the well and will have updated safety and controls.

There is a significant amount of undeveloped property in these highly desirable areas that will likely develop in the future. The proposed station will have increased capacity to handle the current and future flows that are tributary to this system. This system discharges through a force main to the City of Perrysburg Wastewater Treatment Plant. Project construction began in 2022 at an estimated cost of \$5,200,000.

Deimling Road Water and Sanitary Sewer Extension

The District is involved in a project funded by the U.S. Economic Development Administration to construct new infrastructure to an area in the City of Rossford known as the Crossroads. The project will create better transportation and development opportunities for northwest Ohio through the construction of a secondary surface road for better access near the Amazon Warehouse that has created 5,000 new jobs.

As part of this project, new water and sewer lines will be extended to undeveloped property in the area. A 12" sanitary sewer will be extended along the frontage of the reconstructed road and will loop to an existing dead-end waterline nearby. This will open hundreds of acres of undeveloped property for development of employment opportunities. Fire protection in the area will also be enhanced significantly. The estimated project cost is \$1,400,000 of which 40% will be covered through the grant from EDA.


INDEPENDENT AUDIT

Included in this report is an unmodified opinion rendered on the District's financial statements for the year ended December 31, 2022, by Zupka & Associates a firm of licensed independent certified public accountants. As part of the preparation of the annual comprehensive financial report, The District subjects its financial statements to an annual audit. The annual audit serves to strengthen The District's accounting, internal and budgetary controls.

ACKNOWLEDGEMENTS

The preparation of this annual comprehensive financial report would not have been possible without the efficient and dedicated services of all of the district departments and their staff. A special acknowledgement goes to Laurie Mooney, Financial Analyst, for her dedication to details in preparing The District's financial information.

Respectfully submitted.



Jerry Greiner
President



Kay Ball
CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Northwestern Water & Sewer District
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

**NORTHWESTERN WATER & SEWER DISTRICT
DISTRICT OFFICIALS
DECEMBER 31, 2022**

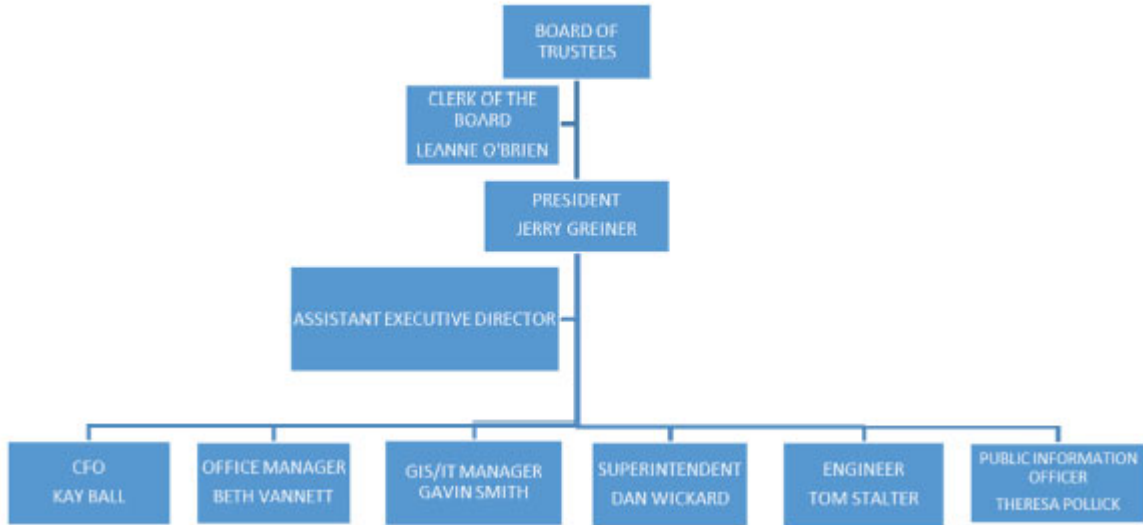
Board of Trustees

Office	Name	Date Originally Installed	Term Expires
Chairman	Mark Sheffer	10/5/2013	12/31/2024
Vice-Chairman	Melinda Kale	1/11/2007	12/31/2023
Secretary	Doug Miller	7/23/2015	12/31/2024
Member	Elizabeth Wick	9/8/2022	12/31/2025
Member	William Hirzel	1/10/2008	12/31/2023
Member	Steve Arnold	6/19/2014	12/31/2024
Member	Brooke Hahn	1/9/2020	12/31/2025
Member	Bill Barnhart	1/1/2021	12/31/2023
Member	Tim Phillips	2/27/2020	12/31/2025
Member	Chuck Latta	8/27/2020	12/31/2025

Senior Staff

Jerry R. Greiner	President
Vacant	Assistance Executive Director
Kay Ball	CFO
Tom Stalter	Engineer
Gavin Smith	GIS/IT Manager
Dan E. Wickard	Superintendent
Beth A. Vannett	Office Manager
Theresa Pollick	Public Information Officer

**NORTHWESTERN WATER & SEWER DISTRICT
ORGANIZATIONAL CHART
DECEMBER 31, 2022**



Number of Employees by Department	
Administration	3
Engineering	15
Operations	37
Finance	4
Office	12
GIS	<u>4</u>
Total Employees - December 31, 2022	<u>75</u>

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northwestern Water and Sewer District
Bowling Green, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Northwestern Water and Sewer District, Wood County, Ohio (the District), as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwestern Water and Sewer District, Ohio, as of December 31, 2022 and December 31, 2021, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual (Budgetary Basis); the Schedule of Net Position - Information by Division; the Schedule of Revenues, Expenses and Changes in Net Position - Information by Division; and the Schedule of Cash Flows - Information by Division are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

June 23, 2023

**NORTHWESTERN WATER & SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The following discussion provides a summary overview of the financial activities of the Northwestern Water & Sewer District (the "District") for the year ended December 31, 2022. This information should be read in conjunction with the letter of transmittal and basic financial statements included in this report.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$159,887,517, \$154,225,411, and \$147,710,091 as of December 31, 2022, 2021, and 2020.
- Change in net position was \$5,662,106, \$6,515,320 and \$7,570,701 in 2022, 2021, and 2020 respectively.
- Overall net position increased in 2022 by \$5,662,106 or 3.7% and overall net position increased in 2021 by 6,515,320 or 4.4%
- Debt increased \$2,501,960 in 2022 and \$5,662,879 in 2021. Retirements of debt principal were \$10,104,374 and \$8,729,081 in 2022 and 2021, respectively, and new issues of debt principal were \$7,602,414 and \$14,391,960 in 2022 and 2021, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows and the accompanying notes to the financial statements. These statements report information about the District as a whole and about its activities. The District is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using economic resources measurement focus and the accrual basis of accounting.

The Statements of Net Position present the District's financial position and report the resources owned by the District (assets), obligations owed by the District (liabilities), deferred outflows and inflows, and District net position (the difference between assets, deferred outflows, liabilities, and deferred inflows). The Statements of Revenues, Expenses, and Changes in Net Position present a summary of how the District's net position changed during the year. Revenue is reported when earned and expenses are reported when incurred. The Statements of Cash Flows provide information about the District's cash receipts and disbursements during the year. They summarize net changes in cash resulting from operations, investing, and financing activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Analysis of the District's Financial Position and Results of Operations

The tables below provide a summary of the District's financial position and operations. Net position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's net position, \$134 million (86%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although The District's investment in its capital assets is reported net of related debt and it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**NORTHWESTERN WATER & SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Condensed Statements of Net Position
December 31,
(In Thousands of Dollars)**

	2022	2021	2020	Change			
				2022/2021		2021/2020	
				Amount	Percent	Amount	Percent
ASSETS							
Current Assets	\$ 32,977	\$ 36,111	\$ 30,947	\$ (3,134)	(8.7)%	\$ 5,164	16.7 %
Capital Assets, Net	228,433	217,440	214,130	10,993	5.1	3,310	1.5
Other Non-Current Assets	8,083	8,504	8,747	(421)	(5.0)	(243)	(2.8)
Total Assets	269,493	262,055	253,824	7,438	2.8	8,231	3.2
Deferred Outflows of Resources	1,867	1,559	2,194	308	19.8	(635)	(28.9)
LIABILITIES							
Current Liabilities	13,146	12,315	12,453	831	6.7	(138)	(1.1)
Long-Term Liabilities	93,761	93,218	93,736	543	0.6	(518)	(0.6)
Total Liabilities	106,907	105,533	106,189	1,374	1.3	(656)	(0.6)
Deferred Inflows of Resources	4,566	3,856	2,119	710	18.4	1,737	82.0
NET POSITION							
Net Investment in Capital							
Assets	134,120	126,876	127,683	7,244	5.7	(807)	(0.6)
Restricted	2,143	1,846	1,235	297	16.1	611	49.5
Unrestricted	23,624	25,503	18,792	(1,879)	(7.4)	6,711	35.7
Total Net Position	\$ 159,887	\$ 154,225	\$ 147,710	\$ 5,662	3.7 %	\$ 6,515	4.4 %

Net position increased by \$5,662 thousand during 2022 and increased by \$6,515 thousand during 2021. The majority of this change was due to the following:

- Debt, including current portion of long-term debt, increased \$2,501,960 in 2022 and increased by \$5,662,879 in 2021 related to borrowing for construction projects.
- Deferred inflow of resources related to pension and OPEB increased \$709,814 in 2022 and increased by \$1,737,686 in 2021.

Net position increased by \$7,571 thousand during 2020. The majority of this change was due to the following:

- Debt, including current portion of long-term debt, increased by \$2,371,911 in 2020 related to borrowing for construction projects.
- Deferred inflows decreased by \$1,832,738 in 2020.

**NORTHWESTERN WATER & SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31,
(In Thousands of Dollars)**

	2022	2021	2020	Change			
				2022/2021		2021/2020	
				Amount	Percent	Amount	Percent
Utility Revenue	\$ 32,031	\$ 31,239	\$ 30,117	\$ 792	2.5%	\$ 1,122	3.7%
Fees and Permit	488	458	498	30	6.5	(40)	(8.0)
Contract Services	271	173	221	98	56.6	(48)	(21.7)
Other	673	869	1,333	(196)	(22.6)	(464)	(34.8)
Total Revenues	33,462	32,739	32,169	723	2.2	570	1.8
Depreciation and Amortization	9,920	9,940	9,381	(20)	(0.2)	559	6.0
Other Operating Expense	19,037	15,781	19,854	3,256	20.6	(4,073)	(20.5)
Interest Expense	1,906	2,085	2,175	(179)	(8.6)	(90)	(4.1)
Total Expenses	30,863	27,806	31,410	3,057	11.0	(3,604)	(11.5)
Net Revenue Before Aid in Construction	2,599	4,933	759	(2,334)	(47.3)	4,174	549.9
Aid in Construction	3,062	1,582	6,812	1,480	93.6	(5,230)	(76.8)
Changes in Net Position	5,661	6,515	7,571	\$ (854)	(13.1)%	\$ (1,056)	(13.9)%
Beginning Net Position	154,225	147,710	140,139				
Ending Net Position	\$ 159,886	\$ 154,225	\$ 147,710				

Utility revenues increased in 2022 due to consumption increases. The District purchases bulk water from the City of Toledo. Toledo instituted a multi-year rate increase program which is passed through to the customers of the District served by water purchased from Toledo. Other Operating Expenses increased in 2022 with increases in employee benefits, purchased water and sewer treatment, and material and supplies.

Utility revenues increased in 2021 due to consumption increases. The District purchases bulk water from the City of Toledo. Toledo instituted a multi-year rate increase program which is passed through to the customers of the District served by water purchased from Toledo. Other Operating Expenses decreased in 2021 with decreases in employee benefits and material and supplies offset by increases in purchased water and salaries and wages.

**NORTHWESTERN WATER & SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Capital Assets

At the end of 2022, the District had \$228,443,411 invested in capital assets, net of depreciation. This amount represents a net increase of approximately \$10.7 million, or 4.9% over 2021.

**Capital Assets at December 31,
(Net of Depreciation, in Thousands)**

	2022	2021	2020	Change			
				2022/2021		2021/2020	
				Amount	Percent	Amount	Percent
Land and Easements	\$ 1,329	\$ 1,296	\$ 1,273	\$ 33	2.6 %	\$ 23	1.8 %
Construction in Progress	22,637	15,083	6,493	7,554	50.1	8,590	132.3
Water and Sewer Lines	155,765	150,999	153,039	4,766	3.2	(2,040)	(1.3)
Buildings, Structures, and Improvements	37,279	38,096	40,320	(817)	(2.1)	(2,224)	(5.5)
Equipment	11,423	11,966	13,005	(543)	(4.5)	(1,039)	(8.0)
Total	\$ 228,433	\$ 217,440	\$ 214,130	\$ 10,993	5.1 %	\$ 3,310	1.5 %

As indicated by figures in the table above, the majority of capital assets added during the current fiscal year were related to construction in progress.

Additional information on the District's capital assets can be found in Note 4.

Debt Administration

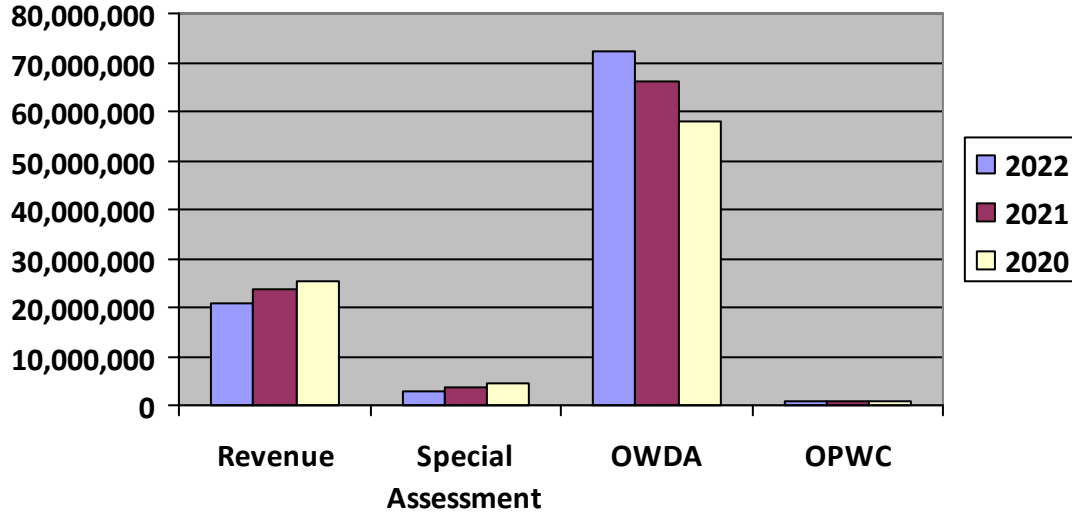
At December 31, 2022, the District had total debt outstanding of \$96,648,019 compared to \$94,146,059 at December 31, 2021. This represents an increase of \$2,501,960. During 2022, the District issued \$10,104,374 of new debt and repaid \$7,602,414 in principal on outstanding debt. At December 31, 2021, the District had total debt outstanding of \$94,146,059 compared to \$88,483,180 at December 31, 2020. This represents an increase of 5,662,879. During 2021, the District issued \$14,391,960 of new debt and repaid \$8,729,081 in principal on outstanding debt. The District has ratings on its long-term debt of Aa3 from Moody's Investor Service and AA- from Standard and Poor's. This information should be read in conjunction with Notes 5 and 6 to the audited financial statements for more detailed information on long-term debt.

Outstanding Debt at December 31,

	2022	2021	2020
Revenue Bonds and Notes and Capital Leases	\$ 20,832,291	\$ 23,721,773	\$ 25,333,151
Special Assessment Bonds and Notes	2,893,550	3,662,550	4,359,552
Ohio Water Development Authority	72,178,876	65,959,698	57,929,704
Ohio Public Works Commission	743,302	802,038	860,773
Total Current and Long-term Debt	\$ 96,648,019	\$ 94,146,059	\$ 88,483,180

**NORTHWESTERN WATER & SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Type of Debt by Year



Economic Factors

Based on the District's 2022 budget, water and sewer rates were increased. The board has directed that the rate be reviewed on an annual basis. The District is subject to the general economic slowdown in housing construction seen across the country.

In 2023, the District expects new residential construction to be slow but does expect to see a slight increase in housing construction as new plans are being proposed for additional housing starts.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the CFO, Northwestern Water & Sewer District, P.O. Box 348, Bowling Green, Ohio 43402, or by telephone at (419) 354-9090.

**NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 13,868,154	\$ 16,960,753
Cash and Cash Equivalents - Restricted	4,100,981	4,248,754
Investments - Unrestricted	6,883,332	7,169,226
Investments - Restricted	1,166,470	1,208,624
Accounts Receivable - Trade	3,468,408	3,738,387
Grant Receivable	1,253,308	919,444
Current Portion of Special Assessments	932,619	985,698
Inventory	1,066,754	634,961
Prepaid Expenses	236,414	244,729
Total Current Assets	32,976,440	36,110,576
NONCURRENT ASSETS		
Capital Assets:		
Depreciable:		
Sewer and Water Lines	266,177,483	256,068,411
Buildings, Pumps, and Lift Stations	57,849,507	56,651,587
Machinery and Equipment	20,059,805	19,042,084
Vehicles	4,610,075	4,572,541
Furniture and Fixtures	515,342	515,342
Computer Equipment	3,167,749	2,947,093
Improvements - Oregon Waste Water Treatment Plant	7,189,097	6,580,004
Total Depreciable Capital Assets	359,569,058	346,377,062
Accumulated Depreciation and Amortization	(155,101,384)	(145,316,462)
Net Depreciable Capital Assets	204,467,674	201,060,600
Nondepreciable:		
Land	829,581	829,581
Easements	499,633	466,803
Construction in Progress	22,636,523	15,083,311
Net Capital Assets	228,433,411	217,440,295
OTHER ASSETS		
Net Pension Asset	108,478	84,911
Net OPEB Asset	1,032,545	572,879
Special Assessments, Less Current Portion	6,941,834	7,845,840
Total Other Assets	8,082,857	8,503,630
Total Noncurrent Assets	236,516,268	225,943,925
Total Assets	269,492,708	262,054,501
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Debt Refunding	448,619	452,910
Pension	1,384,887	770,540
OPEB	34,238	336,357
Total Deferred Outflows of Resources	1,867,744	1,559,807
Total Assets and Deferred Outflows of Resources	\$ 271,360,452	\$ 263,614,308

See accompanying Notes to Financial Statements.

**NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 6,022,738	\$ 5,909,544
Current Portion of Compensated Absences Payable	459,812	458,179
Accounts Payable - Trade	4,284,867	2,742,103
Accrued Payroll and Payroll Taxes	346,432	339,961
Accrued Interest Payable	856,933	908,599
Accounts Due Others	1,165,310	1,029,766
Unearned Revenues	10,000	926,444
Total Current Liabilities	13,146,092	12,314,596
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Portion	90,625,281	88,236,515
Net Pension Liability	2,853,559	4,708,148
Compensated Absences Payable, Less Current Portion	281,802	273,251
Total Long-Term Liabilities	93,760,642	93,217,914
Total Liabilities	106,906,734	105,532,510
DEFERRED INFLOWS OF RESOURCES		
Pension	3,499,372	2,092,562
OPEB	1,066,829	1,763,825
Total Deferred Inflows of Resources	4,566,201	3,856,387
Total Liabilities and Deferred Inflows of Resources	\$ 111,472,935	\$ 109,388,897
NET POSITION		
Net Investment in Capital Assets	\$ 134,119,732	\$ 126,876,485
Restricted for Debt Service	1,002,051	1,188,051
Restricted for Net Pension/OPEB Asset	1,141,023	657,790
Unrestricted	23,624,711	25,503,085
Total Net Position	\$ 159,887,517	\$ 154,225,411

See accompanying Notes to Financial Statements.

**NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Utility Revenue	\$ 32,030,904	\$ 31,238,792
Fees and Permits	487,817	457,861
Contract Services	270,835	172,779
Watershed Revenue	233,236	204,846
Other	395,290	351,964
Total Operating Revenues	<u>33,418,082</u>	<u>32,426,242</u>
OPERATING EXPENSES		
Depreciation and Amortization	9,919,911	9,940,021
Labor	4,922,170	4,778,904
Employee Benefits	(266,458)	(2,327,160)
Professional Services	1,755,404	1,592,652
Purchased Water and Sewer Treatment	8,655,121	8,034,507
Materials and Supplies	2,021,830	1,837,586
Utilities	792,808	814,248
Other	1,156,338	1,050,229
Total Operating Expenses	<u>28,957,124</u>	<u>25,720,987</u>
OPERATING INCOME	4,460,958	6,705,255
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,104	253,926
Interest Expense	(1,906,015)	(2,084,834)
Other Income	41,967	58,959
Total Nonoperating Revenues (Expenses)	<u>(1,861,944)</u>	<u>(1,771,949)</u>
AID IN CONSTRUCTION	<u>3,063,092</u>	<u>1,582,014</u>
CHANGE IN NET POSITION	5,662,106	6,515,320
NET POSITION		
Net Position at Beginning of Year	<u>154,225,411</u>	<u>147,710,091</u>
NET POSITION AT END OF YEAR	<u>\$ 159,887,517</u>	<u>\$ 154,225,411</u>

See accompanying Notes to Financial Statements.

**NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers	\$ 32,434,753	\$ 32,321,571
Cash Payments to Suppliers for Goods and Services	(13,390,328)	(14,456,545)
Cash Payments to Employees for Services	(6,572,727)	(5,982,970)
Net Cash Provided by Operations	12,471,698	11,882,056
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Aid in Construction	2,401,140	1,204,962
Acquisition and Construction of Capital Assets	(20,028,660)	(12,897,917)
Proceeds from Sale of Capital Assets	41,967	159,805
Proceeds from Issuance of Long-Term Debt	10,104,374	11,354,242
Repayment of Long-Term Debt	(7,602,414)	(5,691,363)
Collections on Special Assessments	989,730	987,941
Assessed Special Assessments	(32,645)	(150,561)
Interest Paid	(1,915,714)	(2,058,332)
Net Cash Used by Capital and Related Financing Activities	(16,042,222)	(7,091,223)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	2,104	253,926
Proceeds on Sale of Investments	1,174,520	6,842,734
Purchases of Investments	(846,472)	(6,910,372)
Net Cash Provided by Investing Activities	330,152	186,288
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,240,372)	4,977,121
Cash and Cash Equivalents - Beginning of Year	21,209,507	16,232,386
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,969,135	\$ 21,209,507
 RESTRICTED CASH AND CASH EQUIVALENTS	\$ 4,100,981	\$ 4,248,754
UNRESTRICTED CASH AND CASH EQUIVALENTS	13,868,154	16,960,753
	\$ 17,969,135	\$ 21,209,507
 SUPPLEMENTAL CASH FLOW INFORMATION (NONCASH ITEMS)		
Aid in Construction	\$ 926,910	\$ 377,052
Refunding Bond Proceeds Directly to Escrow Agent	\$ -	\$ 3,037,718

See accompanying Notes to Financial Statements.

**NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATIONS		
Operating Income	\$ 4,460,958	\$ 6,705,255
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Depreciation and Amortization	9,919,911	9,940,021
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:		
Accounts Receivable - Trade	269,979	(114,671)
Grant Receivable	(333,864)	-
Inventory	(431,793)	(127,289)
Prepaid Expenses	8,315	(578,763)
Deferred Outflow - Refunding	3,566	7,799
Deferred Outflow - Pension	(614,347)	216,564
Deferred Outflow - OPEB	302,119	409,975
Net Pension Asset	(23,567)	(26,885)
Accounts Payable - Trade	1,279,107	(774,551)
Accrued Payroll and Payroll Taxes	6,471	(661)
Accounts Due Others	135,544	353,280
Net Pension Liability	(1,854,589)	(1,466,057)
Net OPEB Asset	(459,666)	(4,354,558)
Compensated Absences Payable	10,184	(42,089)
Unearned Revenues	(916,444)	(3,000)
Deferred Inflow - Pension	1,406,810	626,911
Deferred Inflow - OPEB	(696,996)	1,110,775
Total Adjustments	8,010,740	5,176,801
Net Cash Provided by Operations	\$ 12,471,698	\$ 11,882,056

See accompanying Notes to Financial Statements.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Northwestern Water & Sewer District (the District) commenced operations on January 1, 1994. The District was created upon approval by the Wood County Court of Common Pleas pursuant to Section 6119 of the Ohio Revised Code for the purpose of supplying water and providing for the collection, treatment, and disposal of wastewater to users within and throughout the District. The District was previously known as the Wood County Sanitary Engineer's Office and was under the control of Wood County (the County). Upon commencement, the County transferred the use of all related assets and liabilities to the District at carrying value.

The District is governed by a ten-member board of trustees (the board), three appointed by the participating municipalities, three by the participating townships, and four by the County Commissioners. Board members serve staggered terms of three years. The board controls the employment of the President and CFO of the District. The President is responsible for staffing the respective departments and overseeing the day-to-day operations.

The District is authorized to issue revenue bonds and notes to finance the cost of projects which are payable from the revenues of the District. The District is also authorized to levy taxes for the current expenses of the District or for the issuance of bonds upon approval of a majority of the electorate. The District has not exercised these taxing powers. The District may also assess real estate for certain improvements and issue bonds in anticipation of the collection of such special assessments.

As a political subdivision, the District is distinct from, and is not an agency of, the state of Ohio or any other local governmental unit. The District is not subject to federal, state, or local income taxes or sales taxes.

Since the District was formed, several entities have joined, at which time, all water and sewer related assets and debt are assumed by the District.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent on the potential component unit. The criterion was considered in determining the reporting entity. The District does not have financial accountability over any entities.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statements of net position. The statements of revenues, expenses, and changes in net position increases (i.e., revenue) and decreases (i.e., expenses) in net total position. The statements of cash flows provide information about how the District finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Process

The District is required by law to budget its funds, through adoption of an operating budget by March 31 of each year for the following fiscal year. The operating budget includes estimates for total revenues, total expenses, and debt service requirements for the fiscal year.

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable – Trade

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

Debt Issuance Costs

Debt issuance costs are expensed when incurred.

Special Assessments Receivable

Special assessments receivable includes amounts due from property owners that benefited from projects constructed by the District. The District receives proceeds from the property owners through assessments collected by the County over a 20-year period.

Inventory

Inventory items are valued at cost value using the first-in, first-out (FIFO) method. Inventory consists primarily of water meters and maintenance parts and supplies for the water and sewer lines.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed, as incurred. Contributed assets are stated at acquisition value at the time of contribution. Capital assets are defined by the District as assets with initial individual cost of \$5,000.

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Sewer and Water Lines	50
Buildings, Pumps, and Lift Stations	20 - 40
Machinery and Equipment	10 - 15
Vehicles	5 - 10
Furniture and Fixtures	7 - 12
Computer Equipment	3 - 5
Improvements	10 - 40

Construction in process includes all of the District's costs to develop capital asset projects. The projects are funded through board restriction of assets and construction loans.

Investments

Investments are stated at fair value.

Pensions and OPEB

For purposes of measuring the net pension liability/asset and other postemployment benefits (OPEB) liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Compensated Absences

The District accrues a liability if it is probable that the employee will be compensated through cash payment.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. See Notes 8 and 9 for details on the District's deferred outflows of resources related to its net pension liability and net OPEB liability/asset, respectively. See Note 5 for details on the District's deferred outflows of resources related to its loss on debt refunding. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. See Notes 8 and 9 for detail on the District's deferred inflows of resources related to its net pension liability and net OPEB liability/asset, respectively.

Revenues and Expenses

Operating revenues and expenses result from supplying water and providing for the collection, treatment, and disposal of wastewater. Operating revenues consist primarily of user charges for water and sewage services based on water consumption. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

Nonoperating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues and expenses include revenues and expenses from capital and related financing activities and investing activities.

Aid in Construction

Certain types of revenues received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions have been reported as nonoperating revenues. These amounts include system development fees, assets whose construction was financed by special assessments, donations from private sources, and grants for the acquisition of capital assets.

Net Position

Net position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted net position consists of monies and other resources which are restricted to satisfy debt service requirements as specified in debt agreements. When both unrestricted and restricted funds are available for use, restricted funds are used first.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

The District's board of trustees has designated unrestricted net position of \$6,831,717 and \$6,589,108 as of December 31, 2022 and 2021, respectively, for capital and operating expenses, and debt service. Such amounts are not restricted and may be designated for other purposes or eliminated at the discretion of the board.

User Rates and Expenses

The District's sewer and water utility rates are determined in conjunction with periodic rate studies performed by independent third parties. Nondirect expenses are generally allocated based upon management's estimate of costs applicable to the respective divisions. Nondirect expenses were allocated to the sewer and water divisions, 52% and 48% in 2022 and 2021, respectively.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position.

Subsequent Event

The District has evaluated subsequent events through June 23, 2023, the date which the financial statements were available to be issued.

NOTE 2 NEWLY ADOPTED STATEMENT ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases as well as recognition of inflow or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements of the guidance January 1, 2022, however the standard had an insignificant impact on the financials.

NOTE 3 CASH AND INVESTMENTS

Deposits

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

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

2. Inactive deposits are public deposits that the District has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. The collateral is pooled through the Ohio Pooled Collateral System. Under this program, public depositories that pledge a collateral pool using the method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2) shall pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositories to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total fair value of securities so pledged is at least equal to either one hundred two percent of the total amount of all uninsured public deposits or an amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate fair value of the pool of eligible securities pledged by a public depository. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required. The carrying value of the District's deposits was \$14,870,205 and \$18,229,004 at December 31, 2022 and 2021, respectively. At December 31, 2022, the bank balance of \$16,058,087 was covered by federal depository insurance and \$15,808,087 was covered by collateral held by the pledging financial institution, but not in the name of the District. At December 31, 2021, the bank balance of \$18,996,514 was covered by federal depository insurance and \$18,746,514 was covered by collateral held by the pledging financial institution, but not in the name of the District.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized and subject to custodial credit risk.

Investments

As of December 31, 2022, the District has not established a formal policy relating to interest rate risk. The District's investments and cash equivalents consist of the following:

	2022		
	Fair Value	Maturity Less Than 1	Maturity 1-5 years
<u>Investments</u>			
U.S. Treasuries and Federal Agency Obligations	\$ 8,009,118	\$ 5,222,890	\$ 2,786,228
Money Market Mutual Funds	866,846	866,846	-
STAR Ohio	2,272,768	2,272,768	-
Total Investments, Including Restricted	<u>\$ 11,148,732</u>	<u>\$ 8,362,504</u>	<u>\$ 2,786,228</u>
	2021		
	Fair Value	Maturity Less Than 1	Maturity 1-5 years
<u>Investments</u>			
U.S. Treasuries and Federal Agency Obligations	\$ 8,346,634	\$ 6,337,406	\$ 2,009,228
Money Market Mutual Funds	707,178	707,178	-
STAR Ohio	2,234,541	2,234,541	-
Total Investments, Including Restricted	<u>\$ 11,288,353</u>	<u>\$ 9,279,125</u>	<u>\$ 2,009,228</u>

Investments held by the District at December 31, 2022 and 2021 are presented below, categorized by investment type and credit quality rating as rated by Standard and Poor's. Credit quality ratings provide information about the investments' credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. No investments were subject to custodial credit risk.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

<u>Investment Type</u>	2022			
	<u>Fair Value</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA+</u>
U.S. Treasuries and Federal Agency Obligations	\$ 8,009,118	\$ 2,048,786	\$ -	\$ 5,960,332
Money Market Mutual Funds	866,846	866,846	-	-
Star Treasury Reserve of Ohio (STAROhio)	2,272,768	-	2,272,768	-
Total Investments	<u>\$ 11,148,732</u>	<u>\$ 2,915,632</u>	<u>\$ 2,272,768</u>	<u>\$ 5,960,332</u>

<u>Investment Type</u>	2021			
	<u>Fair Value</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA+</u>
U.S. Treasuries and Federal Agency Obligations	\$ 8,346,634	\$ 1,736,127	\$ -	\$ 6,610,507
Money Market Mutual Funds	707,178	707,178	-	-
Star Treasury Reserve of Ohio (STAROhio)	2,234,541	-	2,234,541	-
Total Investments	<u>\$ 11,288,353</u>	<u>\$ 2,443,305</u>	<u>\$ 2,234,541</u>	<u>\$ 6,610,507</u>

Reconciliation of this footnote to the financial statements:

	<u>2022</u>	<u>2021</u>
Carrying Amount of Bank Deposits - per Note Above	\$ 14,870,205	\$ 18,299,004
Investments - Per Note Above	11,148,732	11,288,353
Total	<u>\$ 26,018,937</u>	<u>\$ 29,587,357</u>

	<u>2022</u>	<u>2021</u>
Statement of Net Position:		
Cash and Cash Equivalents - Unrestricted	\$ 13,868,154	\$ 16,960,753
Cash and Cash Equivalents - Restricted	4,100,981	4,248,754
Investments - Unrestricted	6,883,332	7,169,226
Investments - Restricted	1,166,470	1,208,624
Total	<u>\$ 26,018,937</u>	<u>\$ 29,587,357</u>

The District categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs (quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs such as investments and yield curves, implied volatiles, and credit spreads); Level 3 inputs are significant unobservable inputs.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022 and 2021, the District's investments had the following recurring fair value measurements:

<u>Investment Type</u>	2022			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries and Federal Agency Obligations	\$ -	\$ 8,009,118	\$ -	\$ 8,009,118
Money Market Mutual Funds	866,846	-	-	866,846
Star Treasury Reserve of Ohio (STAROhio)	<u>2,272,768</u>	<u>-</u>	<u>-</u>	<u>2,272,768</u>
Total	<u>\$ 3,139,614</u>	<u>\$ 8,009,118</u>	<u>\$ -</u>	<u>\$ 11,148,732</u>

<u>Investment Type</u>	2021			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries and Federal Agency Obligations	\$ -	\$ 8,346,634	\$ -	\$ 8,346,634
Money Market Mutual Funds	707,178	-	-	707,178
Star Treasury Reserve of Ohio (STAROhio)	<u>2,234,541</u>	<u>-</u>	<u>-</u>	<u>2,234,541</u>
Total	<u>\$ 2,941,719</u>	<u>\$ 8,346,634</u>	<u>\$ -</u>	<u>\$ 11,288,353</u>

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. In 2022, the District's investment in U.S. Treasury Notes represents 18% of the District's total investments. The District's investment in Federal Farm Credit Bank bonds represents 13% of the District's total investments in 2022. The District's investment in Federal National Mortgage Association notes represents 12% of the District's total investments in 2022. The District's investment in Federal Home Loan notes represents 13% of the District's total investments in 2022. The District's investment in Federal Home Loan Bank notes represents 15% of the District's total investments in 2022.

In 2021, the District's investment in U.S. Treasury Notes represents 15% of the District's total investments. The District's investment in Federal Farm Credit Bank bonds represents 14% of the District's total investments in 2021. The District's investment in Federal National Mortgage Association notes represents 16% of the District's total investments in 2021. The District's investment in Federal Home Loan notes represents 14% of the District's total investments in 2021. The District's investment in Federal Home Loan Bank notes represents 15% of the District's total investments in 2021.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balance - December 31, 2021	Additions	Retirements	Transfers	Balance - December 31, 2022
Nondepreciable:					
Land	\$ 829,581	\$ -	\$ -	\$ -	\$ 829,581
Easements	466,803	32,830	-	-	499,633
Construction in Progress	15,083,311	16,649,952	(54,113)	(9,042,627)	22,636,523
Total Nondepreciable	16,379,695	16,682,782	(54,113)	(9,042,627)	23,965,737
Depreciable:					
Sewer and Water Lines	256,068,411	3,190,102	-	6,918,970	266,177,483
Buildings, Pumps, and Lift Station	56,651,587	33,604	-	1,164,316	57,849,507
Machinery and Equipment	19,042,084	731,947	(62,074)	347,848	20,059,805
Vehicles	4,572,541	103,001	(65,467)	-	4,610,075
Furniture and Fixtures	515,342	-	-	-	515,342
Computer Equipment	2,947,093	234,182	(15,926)	2,400	3,167,749
Improvements - Oregon Wastewater Treatment Plant	6,580,004	-	-	609,093	7,189,097
Total Depreciable	346,377,062	4,292,836	(143,467)	9,042,627	359,569,058
Totals at Historical Cost	362,756,757	20,975,618	(197,580)	-	383,534,795
Accumulated Depreciation:					
Sewer and Water Lines	105,069,595	5,343,003	-	-	110,412,598
Buildings, Pumps, and Lift Station	21,149,519	2,404,798	-	-	23,554,317
Machinery and Equipment	8,871,712	1,314,173	(52,874)	-	10,133,011
Vehicles	3,182,197	382,470	(65,467)	-	3,499,200
Furniture and Fixtures	467,470	22,738	-	-	490,208
Computer Equipment	2,590,429	232,631	(15,926)	-	2,807,134
Improvements - Oregon Wastewater Treatment Plant	3,985,540	219,376	-	-	4,204,916
Total Accumulated Depreciation	145,316,462	9,919,189	(134,267)	-	155,101,384
Capital Assets, Net	\$ 217,440,295	\$ 11,056,429	\$ (63,313)	\$ -	\$ 228,433,411

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance - December 31, 2020	Additions	Retirements	Transfers	Balance - December 31, 2021
Nondepreciable:					
Land	\$ 828,581	\$ 1,000	\$ -	\$ -	\$ 829,581
Easements	444,631	22,172	-	-	466,803
Construction in Progress	<u>6,492,895</u>	<u>11,839,191</u>	<u>(52,095)</u>	<u>(3,196,680)</u>	<u>15,083,311</u>
Total Nondepreciable	<u>7,766,107</u>	<u>11,862,363</u>	<u>(52,095)</u>	<u>(3,196,680)</u>	<u>16,379,695</u>
Depreciable:					
Sewer and Water Lines	252,884,781	371,633	-	2,811,997	256,068,411
Buildings, Pumps, and Lift Station	56,300,730	87,330	(21,783)	285,310	56,651,587
Machinery and Equipment	18,496,293	520,592	(74,174)	99,373	19,042,084
Vehicles	4,305,531	353,285	(86,275)	-	4,572,541
Furniture and Fixtures	509,500	5,842	-	-	515,342
Computer Equipment	2,850,997	96,096	-	-	2,947,093
Improvements - Oregon Wastewater Treatment Plant	<u>6,580,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,580,004</u>
Total Depreciable	<u>341,927,836</u>	<u>1,434,778</u>	<u>(182,232)</u>	<u>3,196,680</u>	<u>346,377,062</u>
Totals at Historical Cost	349,693,943	13,297,141	(234,327)	-	362,756,757
Accumulated Depreciation:					
Sewer and Water Lines	99,846,251	5,223,344	-	-	105,069,595
Buildings, Pumps, and Lift Station	18,773,667	2,397,635	(21,783)	-	21,149,519
Machinery and Equipment	7,506,362	1,438,978	(73,628)	-	8,871,712
Vehicles	2,887,403	381,069	(86,275)	-	3,182,197
Furniture and Fixtures	443,640	23,830	-	-	467,470
Computer Equipment	2,319,404	271,025	-	-	2,590,429
Improvements - Oregon Wastewater Treatment Plant	<u>3,787,340</u>	<u>198,200</u>	<u>-</u>	<u>-</u>	<u>3,985,540</u>
Total Accumulated Depreciation	<u>135,564,067</u>	<u>9,934,081</u>	<u>(181,686)</u>	<u>-</u>	<u>145,316,462</u>
Capital Assets, Net	<u>\$ 214,129,876</u>	<u>\$ 3,363,060</u>	<u>\$ (52,641)</u>	<u>\$ -</u>	<u>\$ 217,440,295</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT

The District has 119 loans with the Ohio Water Development Authority (OWDA) to finance the cost of developing and improving the water and sewer systems. These are direct borrowings. The following table shows remaining principal amounts outstanding on the individual loans as of December 31, 2022 and 2021:

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	Amount Outstanding	
					2022	2021
WL #300	10/28/04	\$ 90,500	4.10	01/01/25	\$ 15,708	\$ 21,558
WL #318	09/31/04	338,000	4.56	07/01/24	49,055	71,972
SS #1000	11/04/04	168,224	4.56	07/01/24	24,500	35,946
Weston 3587	09/26/01	560,079	1.50	07/01/23	32,156	63,835
Weston 4046	02/26/04	420,316	1.50	07/01/25	71,327	94,401
Williamsburg 5097	04/30/09	650,829	3.70	07/01/29	199,750	224,328
Northwood 2069	12/11/97	830,175	5.88	07/01/23	60,638	117,908
Northwood 2070	05/28/98	360,000	5.66	07/01/23	25,790	50,207
Weston 5730	10/27/10	908,842	3.41	01/01/31	405,583	446,082
Custar 4444	01/26/06	782,759	1.50	01/01/37	422,077	447,952
Milton Center 4714	05/31/07	757,375	1.00	07/01/38	431,993	456,771
Metering 5865	05/26/11	1,969,940	4.45	07/01/31	1,054,322	1,147,725
Weston 5867	05/26/11	1,389,150	-	01/01/33	722,624	791,445
Bloomdale 4329 Country Manor SS Force	06/30/05	530,152	2.00	01/01/36	277,837	295,600
Rossford 6457	05/30/13	454,582	3.44	01/01/44	273,149	281,615
Rossford 6464	05/30/13	1,298,907	2.67	01/01/34	784,347	841,911
Rossford 6475	06/27/13	2,153,389	2.59	07/01/34	1,429,864	1,530,269
Five Point 6581	10/31/13	1,105,909	2.89	07/01/34	592,718	633,507
Custar WL 6231	06/28/12	596,739	-	07/01/43	384,264	402,562
Cygnets 6335	12/06/12	751,817	3.19	07/01/43	482,474	498,400
Homecraft SS Laterals 6309	10/25/12	554,528	2.48	07/01/33	301,604	325,182
Jennings Rd 6382	01/31/13	767,692	2.94	01/01/44	613,326	633,536
Milton Center 6230	06/28/12	842,856	-	07/01/43	533,835	559,256
Morton Building 6396	02/28/13	381,694	3.09	01/01/43	296,158	306,380
Perrysburg Twp 6260	08/30/12	193,950	3.36	07/01/42	144,786	149,796
Rossford Clearwell 6383	01/31/13	3,777,878	2.94	01/01/44	2,582,173	2,667,260
Rossford Tree St 6232	06/28/12	858,032	2.64	07/01/32	471,507	512,209
Stony Ridge 6397	02/28/13	694,644	1.98	01/01/44	557,580	575,620
SS100 Master Meter 6500	07/25/13	274,953	2.57	07/01/33	154,357	166,357
Walbridge Laterals 6583	10/31/13	540,638	3.59	07/01/34	321,993	343,126
Rossford Tree Streets PR 6644	12/12/13	509,997	3.37	01/01/35	293,382	311,978
Hillside Dr SS 6676	02/27/14	389,462	3.44	01/01/35	271,871	289,019
Rossford Citywide I & I 6641	12/13/13	460,927	3.37	07/01/34	312,386	333,196
Ampoint SS 6674	02/27/14	1,902,014	3.44	01/01/35	1,316,750	1,399,800
Hufford Rd WL 6742	05/29/14	1,112,050	3.16	01/01/35	720,557	766,911
Rossford Colony I & I 6773	06/26/14	1,395,708	3.09	07/01/35	992,225	1,053,403
East Broadway WL 6766	06/26/14	714,388	2.59	01/01/35	432,073	461,003
100 Area WL 6741	05/29/14	356,451	3.16	01/01/35	226,515	241,087
Jennings Rd PS 6695	03/27/14	721,878	3.33	01/01/35	483,325	514,047
E Broadway WL 6747	05/29/14	369,454	4.00	01/01/45	110,788	113,820
Bloomdale PS 6930	03/26/15	211,816	2.74	01/01/46	169,913	175,006

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

Project Number	Date of	Original	Interest	Final	Amount Outstanding	
	Loan	Amount	Rate	Payment Date	2022	2021
Wise St SS 6893	01/29/15	\$ 923,133	3.03 %	01/01/46	\$ 610,979	\$ 628,599
Homecraft SS						
Laterals 6843	10/30/14	728,574	2.96	07/01/35	402,398	427,446
Pump Station Sewer						
Imp 6943	03/26/15	369,550	1.80	01/01/36	244,905	260,797
Colony Rd PS						
Replacement 7007	05/28/15	2,801,424	1.99	01/01/36	1,743,733	1,855,294
Water Loss Audit 7087	08/27/15	148,143	-	07/01/21	-	-
Bays Rd WL 7064	07/01/15	313,001	-	07/01/36	230,968	245,364
BG 2nd WL Connection						
7119	09/24/15	487,386	-	07/01/36	359,479	381,973
Rossford 7158	10/29/15	745,156	2.18	07/01/36	501,837	532,186
2nd Portage WL 7185	12/10/15	426,791	1.64	07/01/36	386,169	410,519
SS 200 Area I & I 7159	10/29/15	262,721	1.68	07/01/36	149,341	158,729
Bloomdale Rehab 7063	07/30/15	101,011	1.79	07/01/36	72,851	77,392
Northern Area 7253	02/25/16	757,780	1.85	01/01/37	548,290	580,977
Tracy Rd SS 7397	06/30/16	2,844,821	2.18	01/01/37	1,917,211	2,033,997
Hillview Dr 7258	02/25/16	121,186	1.85	01/01/37	83,324	88,292
WL 300 Area 7337	05/26/16	358,847	1.27	01/01/37	269,040	285,837
Oregon EQ Basin 7254	02/25/16	6,087,816	1.85	01/01/37	4,555,809	4,827,412
Eastwood School 7476	09/29/16	860,359	2.01	07/01/36	637,326	676,381
Bairdtown WWTP 7468	08/25/16	1,788,861	-	01/01/38	1,343,421	1,430,093
Northwood 7088	08/27/15	237,914	2.32	07/01/36	177,606	188,231
McComb SS 4235	01/27/05	89,843	4.50	07/01/25	19,052	24,858
McComb CSO 5067	02/26/09	412,026	-	07/01/29	144,209	164,810
Milsbury SS 7540	12/08/16	1,225,129	1.55	07/01/37	819,073	867,225
McComb WT 6485	06/27/13	994,336	2.00	07/01/35	628,103	673,557
PPCP WL 7531	12/08/16	217,700	-	01/01/23	17,345	52,034
Carrington Woods & Totogany 7559	01/26/17	379,925	2.85	07/01/37	314,816	330,770
Hanson, George WL Replace 7560	02/08/17	755,885	2.85	01/01/38	619,399	650,789
Southern Serv Area Water System	09/09/16	474,827	0.76	01/01/37	351,353	374,190
Taylor 7651 WL	04/05/17	399,409	1.83	01/01/38	323,289	341,177
Hamlet 7820 WL	08/10/17	581,310	1.89	01/01/38	468,610	494,406
Curtice 7727 WL	06/08/17	1,069,866	1.63	01/01/38	753,423	795,827
Starbright 7814 WL	08/07/17	1,087,657	1.89	01/01/38	831,707	877,490
Williamsburg 7541	11/07/16	504,305	1.55	07/01/37	285,036	301,793
Nutrient Removal	11/09/16	49,000	-	07/01/37	-	9,799
Perrysburg I&I 7813	08/07/17	1,119,722	1.39	01/01/38	769,648	813,856
Lead Elimination 7966	01/29/18	1,003,450	1.81	10/01/22	711,060	747,734
White Rd/ Vineyard WL 8101	05/04/18	706,698	2.15	10/01/22	604,279	634,496
McComb WL Imp 7980	04/06/18	321,351	2.70	07/01/39	235,183	246,364
Oregon/Bays Rd Elevated Tank 8095	06/04/18	463,500	2.90	01/01/40	375,753	392,642
Weston Silver St WL 7979	04/06/18	144,475	2.70	07/01/38	118,363	124,440
McComb Clearwell 8212	08/06/18	1,106,715	-	10/01/23	901,293	952,796
Hoytville 7812	08/07/17	85,873	-	04/01/22	68,698	72,992
Rudolph Rd Forcemain 7257	08/31/17	180,218	-	06/01/37	118,354	126,516
Lime City Buck Rd WL ODOT 7987	04/06/18	426,852	2.70	07/01/39	341,124	357,342
Rossford Various St Sewer						
Rehab 8340	1/31/2019	827,474	3.10	01/01/40	714,127	740,492
Weston Center St/Euler/Cygnnet 8258	10/25/2018	413,820	2.93	01/01/39	336,478	348,075
Weston Meter Pit 8492	04/25/19	306,839	2.09	01/01/40	166,198	162,798
Millbury SS IMP PH2 8621	07/25/19	933,679	1.00	01/01/41	803,827	841,092
WL 101 Repair 8628	08/29/19	536,574	2.10	01/01/40	480,684	503,157

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	Amount Outstanding	
					2022	2021
Troy TWP WL IMP 8629	08/29/19	\$ 936,505	2.10 %	07/01/40	\$ 806,624	\$ 839,416
Eagle Point SS Rehab 8665	09/26/19	1,377,781	1.22	01/01/41	1,082,965	1,128,530
Ampoint WL 8719	12/12/19	1,097,018	1.10	01/01/41	1,010,525	1,059,084
HC Filling home WL*	07/01/12	244,839	3.34	01/01/32	142,585	155,147
HC Okolona Sewers*	07/01/13	623,615	1.00	01/01/43	346,018	361,154
HC-McClure WWS*	07/01/12	1,122,494	1.00	01/01/42	767,197	802,661
HC Water Feasibility Study*	01/01/18	249,692	2.51	07/01/22	-	222,257
HC-McClure WWS*	07/01/14	1,784,282	1.98	01/01/44	1,011,583	1,055,910
HC Deimling RD/Duke Dev*	10/31/19	348,751	1.78	01/01/41	322,595	336,963
Rossford lime city WL	01/30/20	925,098	1.17	01/01/41	868,045	909,841
Troy TWP SS IMP	02/27/20	1,334,993	1.85	01/01/41	1,257,015	1,313,522
Water main IMP	06/25/20	1,741,146	1.93	01/01/41	1,558,258	1,621,049
Rossford tree st WL	05/28/20	860,897	0.62	04/01/41	761,429	799,050
Mccomb WL PH 2	10/29/20	699,659	0.02	01/01/41	603,479	638,411
Woods ST WL Replacement	10/29/20	881,126	0.52	01/01/41	717,282	759,308
SS300-400 IMP PH2 8933	07/01/21	1,348,592	1.12	01/01/41	921,874	786,072
Mccomb SS Interceptor 9052	07/01/21	407,226	-	01/01/41	374,014	394,375
Mccomb Sys IMP PH1 9223	07/01/21	1,128,976	0.43	01/01/42	1,028,469	868,787
Weston SS IMP 2021 9295	07/01/21	1,009,007	1.35	07/01/42	778,884	187,592
Cygnnet PS Rehab 9244	07/01/21	731,235	1.18	07/01/41	691,368	71,878
100 Area Elevated Tank 9271	07/01/21	4,521,204	0.22	01/01/42	3,697,680	3,181,740
Wales Rd WL 9559	07/01/21	552,737	1.51	07/01/42	472,157	1,929
McComb WL PH3 9622	01/01/23	644,593	1.63	01/01/44	554,704	-
WILLOWBEND PS 9683	07/01/23	3,240,908	0.58	07/01/43	2,696,346	-
MCCLURE WL REPLACEMENT 9693	07/01/23	481,844	1.85	07/01/43	425,433	-
FORD RD PS 9848	07/01/24	7,943,982	1.56	07/01/44	2,433,415	-
CHRYSLER TANK VALVE IMP 9767	07/01/23	1,286,152	2.11	07/01/43	388,365	-
WALBRIDGE WL 9868	07/01/23	720,776	3.05	07/01/43	688,774	-
LIBERTY HI RD WL 9937	01/01/24	1,190,116	1.90	01/01/44	15,951	-
MCCOMB SS IMP PH 2 10017	01/01/24	759,552	1.91	01/01/44	153,391	-
Total					<u>\$ 72,178,876</u>	<u>\$ 65,959,698</u>

*Northwestern Water and Sewer District merged with Henry County Water Sewer District in 2020 acquiring their debt.

Other long-term loans (direct borrowings) at December 31, 2022 and 2021 are as follows:

Date of Issue	Purpose	Interest Rate	Maturity Date	Amount Outstanding	
				2022	2021
07/31/04	Jerry City WL #CE37F	-	01/01/25	\$ 29,118	\$ 38,824
11/03/04	Rudolph SS #CE33E	-	07/01/24	10,354	14,496
07/01/07	Village of Custar #CE411	-	01/01/27	6,250	7,500
07/01/06	OPWC Bloomdale CT17H	-	07/01/26	4,119	5,035
07/01/14	OPWC Rossford Tree St SS Improvements	-	01/01/34	99,308	107,583
07/01/17	Silver St CE42U OPWC	-	07/01/37	142,769	147,868
07/11/17	OPWC McComb Raw Water PS CM26U	-	01/01/40	230,426	243,594
08/24/07	OPWC HC Road P WL CE27I*	-	02/28/28	22,949	27,121
06/06/15	OPWC Meters/Hydrants CE51Q*	-	02/28/45	107,664	112,345
12/25/11	OPWC HC McClure CE56M*	-	02/28/32	58,014	64,121
12/16/18	OPWC Deshler CE20U*	-	02/28/49	32,331	33,551
Total				<u>\$ 743,302</u>	<u>\$ 802,038</u>

*Northwestern Water and Sewer District merged with Henry County Water Sewer District in 2020 acquiring their debt.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

Bonded debt at December 31, 2022 and 2021 is as follows:

Date of Issue	Purpose	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	
					2022	2021
03/03/16	USDA Bloomdale	\$ 1,655,000	2.50 %	09/01/55	\$ 1,491,810	\$ 1,520,720
03/20/03	USDA Building Construction	2,975,000	4.63	03/20/33	-	1,677,971
06/28/04	USDA Revenue Bond	796,000	4.38	06/01/44	1,148,331	1,177,692
02/16/06	Rotary Commission Loan	168,026	5.00	03/01/26	119,738	119,738
05/27/09	USDA Revenue Bond	2,400,000	4.25	05/01/49	1,997,900	2,037,200
09/26/12	USDA Cygnet Water	638,879	2.75	06/01/42	480,294	498,155
09/26/12	USDA Cygnet Sewer	967,990	2.75	06/01/42	728,295	755,284
03/23/12	2012 Revenue Bond	3,870,000	2.00 - 4.00	12/01/31	1,413,444	1,543,445 *
03/23/12	2012 Special Assessment	2,880,000	2.00 - 4.00	12/01/24	284,550	564,550 *
09/26/12	USDA Building Renovation	2,787,892	2.75	06/01/42	2,353,610	2,441,060
06/28/12	USDA West Millgrove	291,385	2.00	06/01/52	515,969	528,408
01/03/13	USDA Stony Ridge	1,945,000	2.50	01/01/53	1,657,700	1,657,700
02/27/15	2015 Revenue Bond	1,300,000	2.40	12/01/24	280,000	420,000
02/27/15	2015 Special Assessment	1,240,000	2.40	12/01/24	275,000	405,000
07/21/17	2017 Special Assessment	2,325,000	2.00	12/01/27	1,060,000	1,285,000
07/21/17	2017 Revenue Bond	5,545,000	1.96	12/01/28	2,830,000	3,310,000
12/19/19	USDA McComb WWTP	4,833,000	2.38	08/31/40	4,574,200	4,662,400
03/03/21	2021 Special Assessment	1,545,000	1.58	12/01/30	1,274,000	1,408,000
03/03/21	2021 Revenue Bonds	1,502,000	1.58	12/01/30	1,241,000	1,372,000
Total					<u>\$ 23,725,841</u>	<u>\$ 27,384,323</u>

*Includes unamortized discount/premium

The two 2017 bonds and the two 2021 bonds are direct placement bonds. They are not collateralized and there are no default or acceleration clauses.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

Other debt is secured by the underlying capital assets, assessments owners, or general revenues of the District.

Long-term debt activity for the years ended December 31, 2022 and 2021 is as follows:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Amount Due in 2023
OWDA:					
SS #1000	\$ 35,909	\$ -	\$ 11,409	\$ 24,500	\$ 11,974
WL #300	21,558	-	5,850	15,708	6,093
Weston 3587	63,835	-	31,679	32,156	32,156
Weston 4046	94,401	-	23,074	71,327	23,421
Williamsburg 5097	224,328	-	24,578	199,750	25,495
Custar 4444	447,952	-	25,875	422,077	26,264
Milton Center 4714	456,771	-	24,778	431,993	25,027
Weston Water Tower 5730	446,082	-	40,499	405,583	41,891
Fixed Base Metering 5865	1,147,725	-	93,403	1,054,322	97,305
Weston 5867	791,445	-	68,821	722,624	68,805
SS100 Master Meter 6500	166,357	-	12,000	154,357	12,265
Walbridge Laterals 6583	343,126	-	21,133	321,993	21,898
Tree St Pipe Relining 6644	311,978	-	18,596	293,382	19,153
Hillside Dr SS 6676	289,019	-	17,148	271,871	17,743
Rossford I & I 6641	333,196	-	20,810	312,386	21,518
Ampoint SS 6674	1,399,800	-	83,050	1,316,750	85,911
Hufford Rd WL 6742	766,911	-	46,354	720,557	47,765
Rossford Colony I & I 6773	1,053,403	-	61,178	992,225	63,045
East Broadway WL 6766	461,003	-	28,930	432,073	29,608
100 Area WL 6741	241,087	-	14,572	226,515	15,010
Jennings Rd Ps 6695	514,047	-	30,722	483,325	31,706
E Broadway WL 6747	113,820	-	3,032	110,788	2,648
2nd Portage WL 7185	410,519	-	24,350	386,169	24,751
SS 200 Area I & I 7159	158,729	-	9,388	149,341	9,375
WL 300 Area 7337	285,837	-	16,797	269,040	17,011
Millbury SS 7540	867,225	-	48,152	819,073	48,139
PPCP WL 7531	52,034	-	34,689	17,345	17,345
Hanson, George WL Replace	650,789	-	31,390	619,399	32,290
Southern Serv Area Water System	374,190	-	22,837	351,353	23,010
Taylor 7651 WL	341,177	-	17,888	323,289	18,217
Hamlet 7820 WL	494,406	-	25,796	468,610	26,284
Curtice 7727 WL	795,827	-	42,404	753,423	42,966
Starbright 7814 WL	877,490	-	45,783	831,707	46,477
Lead Elimination 7966	747,734	-	36,674	711,060	37,182
White Rd/ Vineyard WL 8101	634,496	-	30,217	604,279	30,870
McComb WL Imp 7980	246,364	-	11,181	235,183	11,443
Oregon/Bays Rd Elevated Tank 8095	392,642	-	16,889	375,753	17,382
Weston Silver St WL 7979	124,440	-	6,077	118,363	6,242
McComb Clearwell 8212	952,796	-	51,503	901,293	51,502
OPWC - Custar	7,500	-	1,250	6,250	1,250
Jerry City WL #CE37F (WL 318)	38,824	-	9,706	29,118	9,706
Rudolph SS1000 #CE33E	14,496	-	4,142	10,354	4,142
Bloomdale CT17H OPWC	5,035	-	916	4,119	915
USDA Building Construction	1,677,971	-	1,677,971	-	-
USDA Revenue Bond - Rudolph Bond	1,177,692	-	29,361	1,148,331	30,270
OWDA Jerry City - WL 318	71,972	-	22,917	49,055	23,975
Rotary Commission Loan	119,738	-	-	119,738	119,738
OWDA Northwood - 2069	117,908	-	57,270	60,638	60,638
OWDA Northwood - 2070	50,207	-	24,417	25,790	25,790

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

	Balance - December 31, 2021		Balance - December 31, 2022		Amount Due in 2023
		Additions	Reductions		
USDA Rising Sun	\$ 2,037,200	\$ -	\$ 39,300	\$ 1,997,900	\$ 40,800
USDA Cygnet Water	498,155	-	17,861	480,294	18,342
USDA Cygnet Sewer	755,284	-	26,989	728,295	27,791
OWDA Bloomdale 4329	295,600	-	17,763	277,837	18,119
USDA Building Renovation	2,441,060	-	87,450	2,353,610	89,849
USDA West Millgrove	528,408	-	12,439	515,969	12,718
Series 2012 Revenue Bonds	1,553,935	-	155,960	1,397,975	135,000
Series 2012 Special Assessment Bonds	519,805	-	272,046	247,759	149,000
Series 2015 Revenue Bonds	420,000	-	140,000	280,000	140,572
Series 2015 Special Assessment Bonds	405,000	-	130,000	275,000	133,424
OWDA:					
Rossford 6457	281,615	-	8,466	273,149	8,729
Rossford 6464	841,911	-	57,564	784,347	59,045
Rossford 6475	1,530,269	-	100,405	1,429,864	103,023
Five Point 6581	633,507	-	40,789	592,718	41,566
Custar WL 6231	402,562	-	18,298	384,264	18,298
Cygnet 6335	498,400	-	15,926	482,474	16,360
Homecraft SS Laterals 6309	325,182	-	23,578	301,604	24,166
Jennings Rd 6382	633,536	-	20,210	613,326	20,809
Milton Center 6230	559,256	-	25,421	533,835	25,421
Morton Building 6396	306,380	-	10,222	296,158	10,539
Perrysburg Twp 6260	149,796	-	5,010	144,786	5,176
Rossford Clearwell 6383	2,667,260	-	85,087	2,582,173	87,450
Rossford Tree St 6232	512,209	-	40,702	471,507	44,023
Stony Ridge 6397	575,620	-	18,040	557,580	18,602
Bloomdale PS 6930	175,006	-	5,093	169,913	5,231
Rossford 7158	532,186	-	30,349	501,837	30,805
Bloomdale Rehab 7063	77,392	-	4,541	72,851	4,622
Northern Area 7253	580,977	-	32,687	548,290	33,295
Tracy Rd SS 7397	2,033,997	-	116,786	1,917,211	117,647
Hillview Dr 7258	88,292	-	4,968	83,324	5,060
Oregon EQ Basin 7254	4,827,412	-	271,603	4,555,809	276,113
Eastwood School 7476	676,381	-	39,055	637,326	39,844
Bairdtown WWTP 7468	1,430,093	-	86,672	1,343,421	88,479
Northwood 7088	188,231	-	10,625	177,606	10,748
McComb SS 4235	24,858	-	5,806	19,052	6,070
McComb CSO 5067	164,810	-	20,601	144,209	20,601
McComb WT 6485	673,557	-	45,454	628,103	43,637
Carrington Woods & Totogany 7559	330,770	-	15,954	314,816	16,412
Williamsburg 7541	301,793	-	16,757	285,036	17,018
Nutrient Removal 7542	9,799	-	9,799	-	-
Perrysburg I&I 7813	813,856	-	44,208	769,648	44,314
Wise St SS 6893	628,599	-	17,620	610,979	18,157
Homecraft SS Laterals 6843	403,828	-	1,430	402,398	25,501
Pump Station Sewer Imp 6943	260,797	-	15,892	244,905	16,153
Colony Rd PS Replacement 7007	1,855,294	-	111,561	1,743,733	113,430
Bays Rd WL 7064	245,364	-	14,396	230,968	14,655
BG 2nd WL Connection 7119	381,973	-	22,494	359,479	22,887
Hoytville 7812	72,992	-	4,294	68,698	4,294
Rudolph Rd Forcemain 7257	126,516	-	8,162	118,354	8,093

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

	Balance - December 31,			Balance - December 31,		Amount Due in 2023
	2021	Additions	Reductions	2022		
2017 Revenue Bond	\$ 3,310,000	\$ -	\$ 480,000	\$ 2,830,000	\$ 485,000	
2017 Special Assessment	1,285,000	-	225,000	1,060,000	230,000	
OPWC - Rossford Tree St SS Improvements	107,583	-	8,275	99,308	8,191	
USDA Bloomdale	1,520,720	-	28,910	1,491,810	21,458	
USDA - Stony Ridge	1,657,700	-	-	1,657,700	36,000	
Lime City Buck Rd WL ODOT 7987	357,342	8,505	24,723	341,124	16,631	
Silver St CE42U OPWC	147,868	-	5,099	142,769	5,099	
USDA McComb WWTP	4,662,400	-	88,200	4,574,200	79,092	
OPWC McComb Raw Water PS CM26U	243,594	-	13,168	230,426	13,167	
Rossford Various St Sewer Rehab 8340	740,492	-	26,365	714,127	31,254	
Weston Center St/Euler/Cygnnet 8258	348,075	-	11,597	336,478	16,062	
Weston Meter Pit 8492	162,798	3,400	-	166,198	7,848	
Millbury SS IMP PH2 8621	841,092	-	37,265	803,827	39,663	
WL 101 Repair 8628	503,157	-	22,473	480,684	22,991	
Troy TWP WL IMP 8629	839,416	-	32,792	806,624	37,302	
Eagle Point SS Rehab 8665	1,128,529	-	45,564	1,082,965	52,226	
Ampoint WL 8719	1,059,083	-	48,558	1,010,525	49,518	
HC Filling Home WL*	155,147	-	12,562	142,585	12,985	
HC Okolona Sewers*	361,154	-	15,136	346,018	15,288	
HC-McClure WWS*	802,661	-	35,464	767,197	38,651	
HC Water Feasibility STUD*	222,257	2,409	224,666	-	-	
HC-McClure*	1,055,910	-	44,327	1,011,583	35,819	
HC Deimling RD/Duke Dev*	336,963	-	14,368	322,595	14,866	
Rossford Lime City WL	909,841	-	41,796	868,045	42,286	
Troy TWP SS IMP	1,313,523	-	56,508	1,257,015	57,557	
Water Main IMP	1,621,049	10,000	72,791	1,558,258	70,536	
Rossford Tree St WL	799,051	-	37,622	761,429	38,913	
Mccomb WL PH 2	638,411	-	34,932	603,479	32,685	
Woods ST WL Replacement	759,308	-	42,026	717,282	37,290	
HC Road P WL CE271*	27,121	-	4,172	22,949	4,173	
Meters/Hydrants CE51Q*	112,345	-	4,681	107,664	4,681	
HC McClure CE56M*	64,121	-	6,107	58,014	6,107	
Deshler CE20U*	33,551	-	1,220	32,331	1,220	
SS300-400 IMP PH2 8933	786,072	196,657	60,855	921,874	52,114	
Mccomb SS Interceptor 9052	394,375	-	20,361	374,014	20,224	
Mccomb Sys IMP PH1 9223	868,787	186,772	27,089	1,028,470	50,673	
Weston SS IMP 2021 9295	187,592	591,292	-	778,884	34,168	
Cygnnet PS Rehab 9244	71,878	652,110	32,621	691,367	32,664	
100 Area Elevated Tank 9271	3,181,740	626,622	110,682	3,697,680	185,793	
Wales Rd WL 9559	1,929	470,228	-	472,157	20,387	
2021 Special Assessment	1,408,000	-	134,000	1,274,000	125,000	
2021 Revenue Bonds	1,372,000	-	131,000	1,241,000	125,000	
OWDA 9622 McComb WL PH3	-	554,704	-	554,704	23,667	
OWDA 9693 McClure WL Replacement	-	425,433	-	425,433	8,838	
OWDA Chrysler Tank Valve	-	388,365	-	388,365	7,855	
OWDA Walbridge WL	-	688,774	-	688,774	12,625	
OWDA 9937 Liberty Hi RD WL	-	15,951	-	15,951	-	
OWDA 9683 Willowbend PS	-	2,696,346	-	2,696,346	59,626	
OWDA 9848 Ford Rd PS	-	2,433,415	-	2,433,415	-	
OWDA 10017McComb SS IMP PH2	-	153,391	-	153,391	-	
Unamortized Premium	57,910	-	5,650	52,260	-	
Total	\$ 94,146,059	\$ 10,104,374	\$ 7,602,414	\$ 96,648,019	\$ 6,022,738	

*Northwestern Water and Sewer District merged with Henry County Water Sewer District in 2020 acquiring their debt.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Amount Due in 2022
OWDA:					
SS #904 & WL #904	\$ 67,580	\$ -	\$ 67,580	\$ -	\$ -
SS #1000	46,888	-	10,979	35,909	11,446
WL #300	27,176	-	5,618	21,558	5,850
Weston 3587	95,045	-	31,210	63,835	31,679
Weston 4046	117,133	-	22,732	94,401	23,074
Williamsburg 5097	248,020	-	23,692	224,328	24,577
Custar 4444	473,443	-	25,491	447,952	25,874
Milton Center 4714	481,303	-	24,532	456,771	24,778
Weston Water Tower 5730	485,234	-	39,152	446,082	40,498
Fixed Base Metering 5865	1,237,106	-	89,381	1,147,725	93,116
Weston 5867	860,266	-	68,821	791,445	68,805
SS100 Master Meter 6500	178,054	-	11,697	166,357	11,956
Walbridge Laterals 6583	363,519	-	20,393	343,126	21,133
Tree St Pipe Relining 6644	329,963	-	17,985	311,978	18,523
Hillside Dr SS 6676	305,591	-	16,572	289,019	17,148
Rosford I & I 6641	353,323	-	20,127	333,196	20,811
Ampoint SS 6674	1,480,066	-	80,266	1,399,800	83,030
Hufford Rd WL 6742	811,835	-	44,924	766,911	46,291
Rosford Colony I & I 6773	1,112,733	-	59,330	1,053,403	61,141
East Broadway WL 6766	489,198	-	28,195	461,003	28,856
100 Area WL 6741	255,210	-	14,123	241,087	14,546
Jennings Rd Ps 6695	543,772	-	29,725	514,047	30,685
E Broadway WL 6747	116,736	-	2,916	113,820	2,547
2nd Portage WL 7185	434,475	-	23,956	410,519	24,350
SS 200 Area I & I 7159	167,961	-	9,232	158,729	9,219
WL 300 Area 7337	302,423	-	16,586	285,837	16,797
Millbury SS 7540	914,640	-	47,415	867,225	47,401
PPCP WL 7531	86,723	-	34,689	52,034	35,181
Hanson, George WL Replace	681,302	-	30,513	650,789	31,390
Southern Serv Area Water System	396,853	-	22,663	374,190	22,836
Taylor 7651 WL	358,742	-	17,565	341,177	17,888
Hamlet 7820 WL	519,721	-	25,315	494,406	25,794
Curtice 7727 WL	837,547	-	41,720	795,827	42,274
Starbright 7814 WL	922,420	-	44,930	877,490	45,611
Lead Elimination 7966	783,753	-	36,019	747,734	36,519
White Rd/ Vineyard WL 8101	664,073	-	29,577	634,496	30,217
McComb WL Imp 7980	257,249	-	10,885	246,364	11,140
Oregon/Bays Rd Elevated Tank 8095	409,052	-	16,410	392,642	16,889
Weston Silver St WL 7979	130,356	-	5,916	124,440	6,077
McComb Clearwell 8212	1,004,298	-	51,502	952,796	51,503
OPWC - Custar	8,750	-	1,250	7,500	1,250
Jerry City SS #1800 USDA Loan	192,900	-	192,900	-	-
Jerry City WL #CE37F (WL 318)	48,530	-	9,706	38,824	9,706
Rudolph SS1000 #CE33E	18,638	-	4,142	14,496	4,142
Bloomdale CT17H OPWC	5,950	-	915	5,035	915
USDA Building Construction	1,780,938	-	102,967	1,677,971	107,728
USDA Revenue Bond - Rudolph Bond	1,206,047	-	28,355	1,177,692	29,361
OWDA Jerry City - WL 318	93,879	-	21,907	71,972	22,918
Rotary Commission Loan	121,246	-	1,508	119,738	119,738
OWDA Northwood - 2069	171,998	-	54,090	117,908	57,270
OWDA Northwood - 2070	73,316	-	23,109	50,207	24,417
USDA Rising Sun	2,074,800	-	37,600	2,037,200	39,300
2010 Revenue Bonds	1,490,001	-	1,490,001	-	-
2010 Special Assessment Bonds	1,485,001	-	1,485,001	-	-
USDA Cygnet Water	515,543	-	17,388	498,155	17,843
USDA Cygnet Sewer	781,560	-	26,276	755,284	27,035

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

	Balance - December 31,		Reductions	Balance - December 31,		Amount Due in 2022
	2020	Additions		2021		
OWDA Bloomdale 4329	\$ 313,012	\$ -	\$ 17,412	\$ 295,600	\$ 17,762	
USDA Building Renovation	2,526,198	-	85,138	2,441,060	87,444	
USDA West Millgrove	540,653	-	12,245	528,408	12,468	
Series 2012 Revenue Bonds	1,739,631	-	185,696	1,553,935	130,000	
Series 2012 Special Assessment Bonds	789,805	-	270,000	519,805	280,000	
Series 2015 Revenue Bonds	550,000	-	130,000	420,000	137,259	
Series 2015 Special Assessment Bonds	530,000	-	125,000	405,000	130,279	
OWDA:						
Rossford 6457	289,796	-	8,181	281,615	8,437	
Rossford 6464	897,967	-	56,056	841,911	57,499	
Rossford 6475	1,628,124	-	97,855	1,530,269	100,405	
Five Point 6581	673,142	-	39,635	633,507	40,390	
Custar WL 6231	420,860	-	18,298	402,562	18,298	
Cygnets 6335	513,830	-	15,430	498,400	15,850	
Homecraft SS Laterals 6309	348,185	-	23,003	325,182	23,578	
Jennings Rd 6382	653,165	-	19,629	633,536	20,211	
Milton Center 6230	584,677	-	25,421	559,256	25,421	
Morton Building 6396	316,292	-	9,912	306,380	10,222	
Perrysburg Twp 6260	154,641	-	4,845	149,796	5,006	
Rossford Clearwell 6383	2,749,900	-	82,640	2,667,260	84,934	
Rossford Tree St 6232	551,857	-	39,648	512,209	42,883	
Stony Ridge 6397	593,115	-	17,495	575,620	18,040	
Bloomdale PS 6930	179,963	-	4,957	175,006	5,090	
Rossford 7158	561,885	-	29,699	532,186	30,144	
Bloomdale Rehab 7063	81,853	-	4,461	77,392	4,541	
Northern Area 7253	613,068	-	32,091	580,977	32,687	
Tracy Rd SS 7397	2,148,961	-	114,964	2,033,997	115,810	
Hillview Dr 7258	93,169	-	4,877	88,292	4,967	
Oregon EQ Basin 7254	5,094,058	-	266,646	4,827,412	271,075	
Eastwood School 7476	714,663	-	38,282	676,381	39,055	
Bairdton WWTP 7468	1,516,765	-	86,672	1,430,093	88,479	
Northwood 7088	198,613	-	10,382	188,231	10,503	
McComb SS 4235	30,411	-	5,553	24,858	5,806	
McComb CSO 5067	185,412	-	20,602	164,810	20,601	
McComb WT 6485	718,115	-	44,558	673,557	42,777	
Carrington Woods & Totogany 7559	346,279	-	15,509	330,770	15,954	
Williamsburg 7541	318,293	-	16,500	301,793	16,758	
Nutrient Removal 7542	19,599	-	9,800	9,799	9,799	
Perrysburg I&I 7813	857,456	-	43,600	813,856	43,704	
Wise St SS 6893	645,696	-	17,097	628,599	17,619	
Homecraft SS Laterals 6843	451,768	-	47,940	403,828	24,763	
Pump Station Sewer Imp 6943	276,407	-	15,610	260,797	15,866	
Colony Rd PS Replacement 7007	1,964,667	-	109,373	1,855,294	111,206	
Water Loss Audit 7087	28,249	-	28,249	-	-	
Bays Rd WL 7064	259,506	-	14,142	245,364	14,397	
BG 2nd WL Connection 7119	404,080	-	22,107	381,973	22,493	
Hoytville 7812	77,286	-	4,294	72,992	4,294	
Rudolph Rd Forcemain 7257	134,679	-	8,163	126,516	8,093	
2017 Revenue Bond	3,770,000	-	460,000	3,310,000	480,000	
2017 Special Assessment	1,510,000	-	225,000	1,285,000	225,000	
OPWC - Rossford Tree St SS Improvements	115,859	-	8,276	107,583	8,191	
USDA Bloomdale	1,548,920	-	28,200	1,520,720	27,764	
USDA - Stony Ridge	1,727,200	-	69,500	1,657,700	-	
Lime City Buck Rd WL ODOT 7987	373,130	-	15,788	357,342	16,191	

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

	Balance - December 31,			Balance - December 31,		Amount Due in
	2020	Additions	Reductions	2021	2022	
Silver St CE42U OPWC	\$ 152,966	\$ -	\$ 5,098	\$ 147,868	\$	5,099
USDA McComb WWTP	4,748,700	-	86,300	4,662,400		77,258
OPWC McComb Raw Water PS CM26U	256,761	-	13,167	243,594		13,167
Rosxford Various St Sewer Rehab 8340	773,163	-	32,671	740,492		30,307
Weston Center St/Euler/Cygnnet 8258	365,967	-	17,892	348,075		15,601
Weston Meter Pit 8492	179,161	-	16,363	162,798		7,687
Millbury SS IMP PH2 8621	811,880	50,852	21,640	841,092		39,269
WL 101 Repair 8628	525,241	-	22,084	503,157		22,520
Troy TWP WL IMP 8629	878,931	-	39,515	839,416		36,531
Eagle Point SS Rehab 8665	876,279	284,275	32,025	1,128,529		51,594
Ampoint WL 8719	385,833	697,988	24,738	1,059,083		48,978
HC Filling Home WL*	167,300	-	12,153	155,147		12,562
HC Okolona Sewers*	376,140	-	14,986	361,154		15,136
HC-McClure WWS*	837,773	-	35,112	802,661		35,464
HC Water Feasibility STUD*	229,650	5,091	12,484	222,257		116,257
HC-McClure*	1,095,033	-	39,123	1,055,910		37,912
HC Deimling RD/Duke Dev*	344,406	-	7,443	336,963		14,605
Rosxford Lime City WL	784,659	145,898	20,716	909,841		41,796
Troy TWP SS IMP	587,037	754,351	27,865	1,313,523		56,507
Water Main IMP	6,114	1,650,810	35,875	1,621,049		69,195
Rosxford Tree St WL	11,503	807,926	20,378	799,051		38,673
Mccomb WL PH 2	9,320	646,548	17,457	638,411		32,678
Woods ST WL Replacement	11,745	768,494	20,931	759,308		37,097
HC Road P WL CE271*	31,294	-	4,173	27,121		4,172
Meters/Hydrants CE51Q*	117,026	-	4,681	112,345		4,681
HC McClure CE56M*	70,228	-	6,107	64,121		6,107
Deshler CE20U*	34,771	-	1,220	33,551		1,220
SS300-400 IMP PH2 8933	-	816,245	30,173	786,072		36,283
Mccomb SS Interceptor 9052	-	404,556	10,181	394,375		20,224
Mccomb Sys Imp PH1 9223	-	868,787	-	868,787		20,822
Weston SS IMP 2021 9295	-	187,592	-	187,592		-
Cygnnet PS Rehab 9244	-	71,878	-	71,878		3,206
100 Area Elevated Tank 9271	-	3,181,740	-	3,181,740		77,850
Wales Rd WL 9559	-	1,929	-	1,929		-
2021 Special Assessment	-	1,545,000	137,000	1,408,000		120,000
2021 Revenue Bonds	-	1,502,000	130,000	1,372,000		120,000
Unamortized Premium	63,560	-	5,650	57,910		-
Total	<u>\$ 88,483,180</u>	<u>\$ 14,391,960</u>	<u>\$ 8,729,081</u>	<u>\$ 94,146,059</u>	<u>\$</u>	<u>5,909,544</u>

*Northwestern Water and Sewer District merged with Henry County Water Sewer District in 2020 acquiring their debt.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 DEBT (CONTINUED)

In March 2021, the District issued 2021 revenue improvement refunding bonds amounting to \$1,502,000 to advance refund the District's outstanding Revenue bonds, series 2010, due December 1, 2030 and to pay the cost of issuing the 2021 bonds: interest at 1.58%. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 Bond in the amount of \$1,521,974.

This transaction resulted in a reduction of payments of \$340,202 and an economic gain of \$105,106. The outstanding balance of the bonds at December 31, 2022 was \$1,241,000. These bonds are considered defeased and are not included as District debt in this financial statement.

In March 2021, the District issued 2021 special assessment refunding bonds amounting to \$1,545,000 to advance refund the District's outstanding special assessment bonds, series 2010, due December 1, 2030 and to pay the cost of issuing the 2021 bonds; interest at 1.58%. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 Bond in the amount of \$1,515,744.

This transaction resulted in a reduction of payments of \$118,405 and an economic gain of \$109,565. The outstanding balance of the bonds at December 31, 2022 was \$1,274,000. These bonds are considered defeased and are not included as District debt in this financial statement.

NOTE 6 DEBT SERVICE REQUIREMENTS

The annual principal and interest requirements on all direct borrowing loans outstanding at December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,016,684	\$ 1,285,557	\$ 5,302,241
2024	4,121,210	1,248,635	5,369,845
2025	4,189,433	1,183,990	5,373,423
2026	4,220,094	1,099,310	5,319,405
2027	4,298,032	1,012,522	5,310,554
2028-2032	22,281,655	3,688,366	25,970,021
2033-2037	19,392,512	1,635,644	21,028,156
2038-2042	9,266,576	624,583	9,891,159
2043-2047	1,118,855	28,091	1,146,946
2048-2051	17,127	-	17,127
Total	<u>\$ 72,922,178</u>	<u>\$ 11,806,698</u>	<u>\$ 84,728,876</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 6 DEBT SERVICE REQUIREMENTS (CONTINUED)

The annual principal and interest requirements on all direct placement bonded debts outstanding at December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 965,000	\$ 153,907	\$ 1,118,907
2024	1,010,000	132,376	1,142,376
2025	1,025,000	109,757	1,134,757
2026	935,000	86,687	1,021,687
2027	925,000	64,779	989,779
2028-2030	1,545,000	78,190	1,623,190
Total	<u>\$ 6,405,000</u>	<u>\$ 625,696</u>	<u>\$ 7,030,696</u>

The annual principal and interest requirements on all other bonded debts outstanding at December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,041,054	\$ 482,049	\$ 1,523,103
2024	893,511	464,899	1,358,410
2025	529,179	442,151	971,330
2026	540,001	425,949	965,950
2027	556,300	409,082	965,382
2028-2032	2,893,650	1,768,477	4,662,127
2033-2037	2,544,750	1,356,614	3,901,364
2038-2042	2,932,871	977,835	3,910,706
2043-2047	2,014,043	598,174	2,612,217
2048-2052	1,834,986	313,963	2,148,949
2053-2057	1,156,623	121,478	1,278,101
2058-2059	331,613	13,017	344,630
Total	<u>\$ 17,268,581</u>	<u>\$ 7,373,688</u>	<u>\$ 24,642,269</u>

At December 31, 2022 and 2021, the District had \$5,267,451 and \$5,457,378, respectively, in restricted cash and cash equivalents and investments related to unspent debt proceeds for capital projects and a debt service reserve for USDA loans.

NOTE 7 COUNTY DEBT OBLIGATIONS

The County is obligated for loans received from the Ohio Sewer and Rotary Commission (Rotary Commission) for the District's sewer and water line assessments, the collection of which is deferred or exempt pursuant to Section 6103.051 of the Ohio Revised Code. The County is responsible for collecting the assessments when the property no longer meets the exemption criteria. This money must be remitted to the Rotary Commission within one year, even if not collected by the County.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 COUNTY DEBT OBLIGATIONS (CONTINUED)

At December 31, 2022 and 2021, \$1,752,005 and \$1,827,249 in loans from the Rotary Commission are outstanding, respectively. These amounts have not been reflected in the District's financial statements since the County is ultimately responsible for the payment of this debt. Further, the District has agreed to advance additional funds, if necessary, to the extent shortfalls exceed the reserve. The County has agreed to remit to the District any balance that may be remaining in this reserve. No withdrawals from the reserve were made during 2022 and 2021, or in prior years on this reserve.

NOTE 8 RETIREMENT PLANS

Net Pension Liability (Asset)

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

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

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

GASB 68 assumes the liability (asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) state statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Plan Description – Ohio Public Employees Retirement System (OPERS)

District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiemployer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiemployer defined benefit pension plan with defined contribution features, while members (e.g., District employees) may elect the member-directed plan and the combined plan.

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

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

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

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

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Funding Policy

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

	2022	2021
Statutory Maximum Contribution Rates:		
Employer	14.0 %	14.0 %
Employee	10.0	10.0
Actual Contribution Rates:		
Employer:		
Pension	14.0	14.0
Total Employer	14.0 %	14.0 %
Total Employee	10.0 %	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The District’s contractually required contribution was \$700,181 for 2022 and \$683,968 for 2021. All required contributions have been paid.

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

The net pension liability/(asset) for OPERS for 2022 and 2021 was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability/(asset) was based on the District’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense for December 31, 2022 and 2021:

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

	2022	
	Traditional	Combined
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,853,559	\$ (108,478)
Proportion of the Net Pension Liability (Asset)	0.032798 %	0.027532 %
Pension Expense (Revenue)	\$ (360,900)	\$ (2,975)

	2021	
	Traditional	Combined
Proportionate Share of the Net Pension Liability (Asset)	\$ 4,708,148	\$ (84,911)
Proportion of the Net Pension Liability (Asset)	0.031795 %	0.029415 %
Pension Expense	\$ 173,494	\$ 2,464

At December 31, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Traditional	Combined
<i>Deferred Outflows of Resources:</i>		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 145,470	\$ 673
Changes of Assumptions	356,835	5,451
Differences Between Expected and Actual Experience Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	149,982	6,080
Subtotal	652,287	12,204
District Contributions Subsequent to the Measurement Date	700,181	20,215
Total Deferred Outflows of Resources	<u>\$ 1,352,468</u>	<u>\$ 32,419</u>
<i>Deferred Inflows of Resources:</i>		
Net Differences between Projected and Actual Earnings on Pension Plan Investments	\$ 62,586	\$ 12,134
Differences Between Expected and Actual Experience Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	3,394,204	23,256
	-	7,192
Total Deferred Inflows of Resources	<u>\$ 3,456,790</u>	<u>\$ 42,582</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

	2021	
	Traditional	Combined
<i>Deferred Outflows of Resources:</i>		
Changes of Assumptions	\$ -	\$ 5,302
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	76,833	4,437
Subtotal	76,833	9,739
District Contributions Subsequent to the Measurement Date	666,396	17,572
Total Deferred Outflows of Resources	<u>\$ 743,229</u>	<u>\$ 27,311</u>
<i>Deferred Inflows of Resources:</i>		
Net Differences between Projected and Actual Earnings on Pension Plan Investments	\$ 1,835,099	\$ 12,628
Differences Between Expected and Actual Experience	196,946	16,019
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	23,320	8,550
Total Deferred Inflows of Resources	<u>\$ 2,055,365</u>	<u>\$ 37,197</u>

Amounts reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date in the previous table will be recognized as a reduction in the net pension (asset) liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Traditional	Combined
2023	\$ (334,543)	\$ (6,189)
2024	(1,131,907)	(9,961)
2025	(798,115)	(7,324)
2026	(539,938)	(5,646)
2027	-	(1,261)
Thereafter	-	3
Total	<u>\$ (2,804,503)</u>	<u>\$ (30,378)</u>

Actuarial Assumptions

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 and 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Traditional</u>	<u>Combined</u>
Wage Inflation	2.75%	2.75%
Future Salary Increases, Including Inflation COLA or Ad Hoc COLA	2.75% - 10.75% 3% Simple	3.25% - 8.25% 3% Simple
Investment Rate of Return	6.9%	6.9%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the board of trustees' actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments.

Target Investment Allocation and Long-Term Expected Real Rate of Return

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the board of trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The tables below display the board-approved asset allocation policy for 2021 and 2020 and the long-term expected real rates of return:

Asset Class:	2022	
	Target Allocation For 2021	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

Asset Class:	2021	
	Target Allocation For 2020	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.9% in 2021 and 7.2% 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following tables present the District's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2022		
	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
District's Proportionate Share of the Net Pension Liability/(Asset):			
Traditional Pension Plan	\$ 7,523,533	\$ 2,853,559	\$ (1,032,481)
Combined Pension Plan	(80,944)	(108,478)	(129,951)
	2021		
	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's Proportionate Share of the Net Pension Liability/(Asset):			
Traditional Pension Plan	\$ 8,980,816	\$ 4,708,148	\$ 1,155,430
Combined Pension Plan	(59,124)	(84,911)	(102,953)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

As described in Note 8, OPERS provides benefits other than pensions, such as health care, that meet the GASB criteria for other postemployment benefit plans.

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Asset) (Continued)

GASB 75 assumes the OPEB liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The ORC permits but does not require OPERS to offer postemployment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The system determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional detail on health care coverage can be found in the Plan Statement in the OPERS 2021 ACFR.

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

With the assistance of the System's actuary and board approval, a portion of each employer contribution to OPERS may be set aside for the funding of postemployment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0% for 2022 and 2021.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2022 and 2021, the District reported an asset for its proportionate share of the net OPEB liability (asset) for OPERS. The net OPEB asset was measured as of December 31, 2021 and 2020. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as the measurement dates presented. The District's proportion of the net OPEB asset was based on its share of contributions to the respective retirement systems relative to the contributions of all participating entities.

<u>Measurement Date</u>	<u>Net OPEB Liability(Asset)</u>	<u>Proportionate Share</u>
December 31, 2021	\$ (1,032,545)	0.032966 %
December 31, 2020	\$ (572,879)	0.032155 %

For the years ended December 31, 2022 and 2021, the District recognized OPEB expense (revenue) of (\$855,065) and (\$3,398,801), respectively.

At December 31, 2022 and 2021, the District reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Experience	\$ -	\$ 156,622
Changes of Assumption	-	417,963
Differences Between Projected and Actual Investment Earnings	-	492,244
Change in Proportionate Share	34,238	
Total	<u>\$ 34,238</u>	<u>\$ 1,066,829</u>
	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Experience	\$ -	\$ 517,009
Changes of Assumption	281,627	928,216
Differences Between Projected and Actual Investment Earnings	-	305,116
Change in Proportionate Share	54,730	13,494
Total	<u>\$ 336,357</u>	<u>\$ 1,763,835</u>

There are no contributions subsequent to the measurement date because the contribution rate was 0% for 2022 and 2021.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in benefit expense (income) as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows)
2023	\$ (630,234)
2024	(224,112)
2025	(107,553)
2026	(70,692)
Total	\$ (1,032,591)

Actuarial Assumptions

The total OPEB liability is based on the results of an actuarial valuation using the following key assumptions, applied to all periods included in the measurement:

	OPERS - as of 12/31/21	OPERS - as of 12/31/20
Inflation	2.75%	3.25%
Salary increases	2.75% - 10.75% (includes inflation)	3.25% - 10.75% (includes inflation)
Single discount rate of return	6.00%	6.00%
Investment rate of return	6.00%, net of investment expenses	6.00%, net of investment expenses
Health care cost trends	5.5% initial, 3.50% ultimate in 2034	8.5% initial, 3.50% ultimate in 2035

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and included the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the system and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The total 2021 OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

A single discount rate of 6.0% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84 %. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, and the municipal bond rate was applied to all health care costs after that date.

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Target Investment Allocation and Long-Term Expected Real Rate of Return

The allocation of investment assets within the OPERS Health Care portfolio is approved by the board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The tables below display the board-approved asset allocation policy and the long-term expected real rates of return.

	2022	
	Target Allocation for 2021	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	34.00 %	0.91 %
Domestic Equity	25.00	3.78
Real Estate	7.00	3.71
International Equity	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
Total	100.00 %	3.45 %

	2021	
	Target Allocation for 2020	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	34.00 %	1.07 %
Domestic Equity	25.00	5.64
Real Estate	7.00	6.48
International Equity	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend Rate

The following presents the net OPEB liability (asset) of the District (in thousands), calculated using the current discount rate listed below, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.0 percentage point higher than the current rate. Also shown is what the net OPEB asset would be based on health care cost trend rates that are 1.00 percentage point lower and higher than the current rate.

	2022		
	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
District's Proportionate Share of the OPEB Liability/(Asset):	\$ (607,234)	\$ (1,032,545)	\$ (1,385,561)

	2022		
	1% Decrease (4.5%)	Health Care Rate (5.50%)	1% Increase (6.50%)
District's Proportionate Share of the OPEB Liability/(Asset):	\$ (1,043,704)	\$ (1,032,545)	\$ (1,019,309)

	2021		
	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
District's Proportionate Share of the OPEB Liability/(Asset):	\$ (142,447)	\$ (572,879)	\$ (926,707)

	2021		
	1% Decrease (7.50%)	Health Care Rate (8.50%)	1% Increase (9.50%)
District's Proportionate Share of the OPEB Liability/(Asset):	\$ (586,829)	\$ (572,879)	\$ (557,246)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

Payable to the OPEB Plan

The District did not have a payable to the OPEB plan as of December 31, 2022 and 2021.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 COMPENSATED ABSENCES

Vacation, sick leave, and compensatory banked time policies are established by an agreement between the District and the American Federation of State, County, and Municipal Employees, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement. The District accrues a liability if it is probable that the employee will be compensated through cash payment.

For nonunion employees, these agreements provide for two weeks of paid vacation for 1-4 years of service, three weeks for 4-9 years of service, four weeks for 9-14 years of service, 4.5 weeks for 14-19 years of service, five weeks for 19-24 years of service, and six weeks for over 24 years of service.

For union employees, these agreements provide for two weeks of paid vacation after one year of service, three weeks after five years of service, four weeks after 10 years of service, and five weeks after 20 years of service.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of 4.6 hours for each 80 hours "in active pay status." By limiting the use of sick leave during the fiscal year, an employee may receive a bonus.

In the event of retirement after 10 consecutive years of service, or due to retirement, such employees are entitled to receive payment for one fourth of their accumulated sick leave, up to a maximum of 120 days. Employees may accrue up to 240 actual hours of work to their compensatory time bank. Employees may take compensatory time off with pay as mutually scheduled or receive the appropriate rate of pay for said time.

Compensated absences activity for the years ended December 31, 2022 and 2021 is as follows:

	December 31, 2021	Increase	Decrease	December 31, 2022	Due Within One Year
Sick Leave Payable	\$ 289,571	\$ 43,002	\$ 25,770	\$ 306,803	\$ 25,000
Vacation Pay	333,090	358,826	370,960	320,956	320,957
Compensatory Time	108,769	159,332	154,246	113,855	113,855
Total	<u>\$ 731,430</u>	<u>\$ 561,160</u>	<u>\$ 550,976</u>	<u>\$ 741,614</u>	<u>\$ 459,812</u>
	December 31, 2020	Increase	Decrease	December 31, 2021	Due within one year
Sick Leave Payable	\$ 280,776	\$ 38,445	\$ 29,650	\$ 289,571	\$ 25,000
Vacation Pay	320,394	359,613	346,917	333,090	325,181
Compensatory Time	172,349	145,022	208,602	108,769	107,998
Total	<u>\$ 773,519</u>	<u>\$ 543,080</u>	<u>\$ 585,169</u>	<u>\$ 731,430</u>	<u>\$ 458,179</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 INSURANCE

The District maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. There were no significant reductions in coverage between 2022 and 2021. There have been no significant reductions in insurance coverage since 2011 and no insurance settlement has exceeded insurance coverage during the last three years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Grants

The District has received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of District management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2022.

Construction Commitments

At December 31, 2022, the District has construction commitments, on which work has not commenced, totaling \$18,808,393 which will be funded by existing resources or the issuance of new revenue debt. All projects were current at December 31, 2022.

Litigation and Claims

In the normal course of operations, the District may be subject to other litigation and claims. While the outcome of any such matters cannot presently be determined, management believes that their ultimate resolution will not have a material adverse effect on the District's financial position.

Other Pending EPA and Local Health Department Ordered Projects

The District has received various orders for installation of wastewater treatment facilities and collection systems within various areas of the District. At December 31, 2022, there are two such ordered areas with preliminary or updated cost estimates totaling \$2.8 million for projects commencing or finishing over the next few years. These projects will be paid for by federal and state financial assistance and by the property owners benefiting from the projects through real estate special assessments and connection fees.

The District had approximately \$3,388,805 at December 31, 2022 in potential receivables related to special assessments that have been deferred by the County. The special assessments were deferred on properties, \$1,752,005 of which would have qualified for loans from the Rotary Commission and Wood County Commissioners pursuant to Section 6103.051 of the Ohio Revised Code, had these funds been available from the Rotary Commission. As these receivables become due and payable only in the event the properties no longer qualify, and therefore collection is uncertain, they have not been reported in the financial statements.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 13 SEGMENT INFORMATION

Significant financial data for the respective divisions of the December 31, 2022 and 2021 is as follows:

Statement of Net Position

	2022			2021		
	Water	Sewer	Total	Water	Sewer	Total
Current Assets	\$ 20,273,108	\$ 12,703,332	\$ 32,976,440	\$ 23,775,690	\$ 12,334,886	\$ 36,110,576
Capital Assets	104,601,771	123,831,640	228,433,411	98,099,893	119,340,402	217,440,295
Other Assets	3,366,407	4,716,450	8,082,857	3,612,910	4,890,720	8,503,630
Total Assets	128,241,286	141,251,422	269,492,708	125,488,493	136,566,008	262,054,501
Deferred Outflows of Resources	892,609	975,135	1,867,744	761,025	798,782	1,559,807
Current Liabilities	6,025,583	7,120,509	13,146,092	4,965,585	7,349,011	12,314,596
Long-Term Liabilities	42,318,498	51,442,144	93,760,642	43,661,999	49,555,915	93,217,914
Total Liabilities	48,344,081	58,562,653	106,906,734	48,627,584	56,904,926	105,532,510
Deferred Inflows of Resources	2,192,229	2,373,972	4,566,201	1,851,518	2,004,869	3,856,387
Net Investment In Capital Assets	62,365,295	71,754,437	134,119,732	56,208,514	70,667,971	126,876,485
Restricted	722,466	1,420,608	2,143,074	564,591	1,281,250	1,845,841
Unrestricted	15,509,824	8,114,887	23,624,711	18,997,311	6,505,774	25,503,085
Total Net Position	\$ 78,597,585	\$ 81,289,932	\$ 159,887,517	\$ 75,770,416	\$ 78,454,995	\$ 154,225,411

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 13 SEGMENT INFORMATION (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Position

	2022			2021		
	Water	Sewer	Total	Water	Sewer	Total
Utility Revenues	\$ 19,851,135	\$ 12,179,769	\$ 32,030,904	\$ 19,439,279	\$ 11,799,513	\$ 31,238,792
Other Revenues	850,363	536,815	1,387,178	751,743	435,707	1,187,450
Total Operating Revenues	20,701,498	12,716,584	33,418,082	20,191,022	12,235,220	32,426,242
Depreciation and Amortization	4,392,560	5,527,351	9,919,911	4,285,459	5,654,562	9,940,021
Other Operating Expenses	13,363,349	5,673,864	19,037,213	11,121,240	4,659,726	15,780,966
Total Operating Expenses	17,755,909	11,201,215	28,957,124	15,406,699	10,314,288	25,720,987
Operating Income	2,945,589	1,515,369	4,460,958	4,784,323	1,920,932	6,705,255
Interest Expense	(836,185)	(1,069,830)	(1,906,015)	(941,079)	(1,143,755)	(2,084,834)
Other Nonoperating Revenues	20,350	23,721	44,071	150,327	162,558	312,885
Total Non-Operating Revenues (Expenses)	(815,835)	(1,046,109)	(1,861,944)	(790,752)	(981,197)	(1,771,949)
Aid in Construction	697,415	2,365,677	3,063,092	684,113	897,901	1,582,014
Change in Net Position	2,827,169	2,834,937	5,662,106	4,677,684	1,837,636	6,515,320
Net Position:						
Beginning of Year	75,770,416	78,454,995	154,225,411	71,092,732	76,617,359	147,710,091
End of Year	\$ 78,597,585	\$ 81,289,932	\$ 159,887,517	\$ 75,770,416	\$ 78,454,995	\$ 154,225,411

Statement of Cash Flows

	2022			2021		
	Water	Sewer	Total	Water	Sewer	Total
Net Cash Provided (Used) by:						
Operations	\$ 6,973,689	\$ 5,498,009	\$ 12,471,698	\$ 6,112,483	\$ 5,769,573	\$ 11,882,056
Capital And Related Financing Activities	162,092	168,060	330,152	(1,918,590)	(5,172,633)	(7,091,223)
Investing Activities	(11,009,947)	(5,032,275)	(16,042,222)	94,331	91,957	186,288
Cash and Cash Equivalents Beginning of Year	16,414,496	4,795,011	21,209,507	12,126,272	4,106,114	16,232,386
End of Year	\$ 12,540,330	\$ 5,428,805	\$ 17,969,135	\$ 16,414,496	\$ 4,795,011	\$ 21,209,507

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHWESTERN WATER & SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY –
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (OPERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.032798%	0.031795%	0.00031 %	0.03173 %	0.03029 %	0.02775 %	0.02676 %	0.02673 %	0.02677 %
District's Proportionate Share of the Net Pension Liability	\$ 2,853,559	\$ 4,708,148	\$ 6,174,205	\$ 8,691,026	\$ 4,751,757	\$ 6,300,645	\$ 4,635,516	\$ 3,223,937	\$ 3,151,119
District's Covered Payroll	\$ 4,885,493	\$ 4,607,779	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	58.41 %	102.18 %	136.53 %	197.69 %	116.22 %	175.67 %	139.17 %	98.39 %	95.01 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62 %	86.88 %	84.17 %	74.70 %	84.66 %	77.25 %	81.08 %	86.45 %	86.36 %

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

- (1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.
- (2) This Schedule only shows the Traditional Plan. The Combined Plan is insignificant.
- (3) Changes in Assumptions and Benefit Terms: No significant changes noted.

**NORTHWESTERN WATER & SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (OPERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 700,181	\$ 683,969	\$ 645,089	\$ 633,104	\$ 615,466	\$ 531,506	\$ 430,393	\$ 399,692	\$ 393,213	\$ 398,006
Contributions in Relation to the Contractually Required Contribution	(700,181)	(683,969)	(645,089)	(633,104)	(615,466)	(531,506)	(430,393)	(399,692)	(393,213)	(398,006)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 5,001,293	\$ 4,885,493	\$ 4,607,779	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
Contributions as a Percentage of Covered Payroll	14%	14%	14%	14%	14%	13%	12%	12%	12%	12%

**NORTHWESTERN WATER & SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST SIX YEARS**

	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.03297 %	0.03216 %	0.03153 %	0.03196 %	0.03042 %	0.03042 %
District's Proportionate Share of the Net OPEB Liability(Asset)	\$ (1,032,545)	\$ (572,879)	\$ 4,354,588	\$ 4,167,222	\$ 3,072,776	\$ 3,072,776
District's Covered Payroll	\$ 4,885,493	\$ 4,607,779	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608
District's Proportionate Share of the Net OPEB Liability(Asset) as a Percentage of its Covered Payroll	(21.13)%	(12.43)%	96.29 %	94.79 %	75.16 %	85.67 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23 %	115.57 %	47.80 %	46.33 %	54.14 %	54.05 %

Amounts presented as of the District's measurement date which is the prior fiscal year end.

- (1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.
- (2) Changes in Assumptions and Benefit Terms: At measurement date December 31, 2020, there was a \$9.4 billion plan wide benefit change taking the plan to a Net OPEB Asset rather than Net OPEB Liability and a change to the discount rate from 3.16% to 6%.

**NORTHWESTERN WATER & SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST TEN YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,885	\$ 71,732	\$ 66,615	\$ 64,552	\$ 35,489
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	(40,885)	(71,732)	(66,615)	(64,552)	(35,489)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 5,001,293	\$ 4,885,493	\$ 4,607,779	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.97%	1.07%

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
BUDGET TO ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Operating Revenue:				
Utility Revenues	\$ 30,636,896	\$ 32,030,905	\$ 32,030,904	\$ (1)
Other Operating Revenues	1,040,000	1,387,177	2,546,172	1,158,995
Nonoperating Revenue - Interest	450,000	370,505	2,104	(368,401)
Total Revenues	<u>32,126,896</u>	<u>33,788,587</u>	<u>34,579,180</u>	<u>790,593</u>
EXPENSES				
Operating Expenses:				
Operations and Maintenance	20,321,903	20,978,175	20,977,449	(726)
Debt Retirement	8,048,913	8,567,526	9,466,462	898,936
Total Expenses	<u>28,370,816</u>	<u>29,545,701</u>	<u>30,443,911</u>	<u>898,210</u>
OPERATING INCOME	3,756,080	4,242,886	4,135,269	(107,617)
RECONCILIATION TO CHANGE IN NET POSITION				
Aid on Construction:				
Grants and Other	4,040,444	1,410,502	1,410,502	-
System Development Fees	375,000	433,300	433,300	-
Antidegradation Credits	20,000	60,296	60,296	-
Total Aid in Construction	<u>4,435,444</u>	<u>1,904,098</u>	<u>1,904,098</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 8,191,524</u>	<u>\$ 6,146,984</u>	<u>\$ 6,039,367</u>	<u>\$ (107,617)</u>

Note to Supplementary Information

The District's budget is not prepared on the basis of accounting principles generally accepted in the United States of America (GAAP), the same basis on which its financial statements are prepared. The District is required by law to budget its funds, through adoption of an operating budget by March of each year for the following year. The operating budget includes estimates for total revenues, and debt service requirements for the fiscal year.

The Final Budget varies from the Original Budget due to adjustments made by management. The adjustments were made in an effort to make the balances more representative of the respective areas.

A reconciliation of the annual budget basis revenues and other income in excess of operating expenses to the net income included in the accompanying 2022 financial statements is as follows:

Change in Net Position - Budgetary Basis Above	\$ 6,039,367
GASB 68	1,085,693
GASB 75	854,543
Depreciation and Amortization	(9,919,911)
Principal Payments on Debt	<u>7,602,414</u>
CHANGE IN NET POSITION - GAAP	<u>\$ 5,662,106</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION –
INFORMATION BY DIVISION
DECEMBER 31, 2022**

ASSETS	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS				
Cash and Cash Equivalents:				
Unrestricted	\$ 11,013,173	\$ 2,854,981	\$ -	\$ 13,868,154
Restricted	1,527,157	2,573,824	-	4,100,981
Investments:				
Unrestricted	3,218,462	3,664,870	-	6,883,332
Restricted	1,166,470	-	-	1,166,470
Accounts Receivable - Trade	1,914,016	1,554,392	-	3,468,408
Grants Receivable	36,947	1,216,361	-	1,253,308
Current Portion of Special Assessments	491,151	441,468	-	932,619
Inventory	803,882	262,872	-	1,066,754
Prepaid Expenses	101,850	134,564	-	236,414
Total Current Assets	<u>20,273,108</u>	<u>12,703,332</u>	<u>-</u>	<u>32,976,440</u>
NONCURRENT ASSETS				
Capital Assets (Depreciable):				
Sewer and Water Lines	112,590,185	153,587,298	-	266,177,483
Buildings, Pumps, and Lift Stations	22,478,220	35,371,287	-	57,849,507
Machinery and Equipment	11,275,639	8,784,166	-	20,059,805
Vehicles	1,791,210	2,818,865	-	4,610,075
Furniture and Fixtures	226,360	288,982	-	515,342
Computer Equipment	1,216,649	1,951,100	-	3,167,749
Improvements - Oregon Waste Water Treatment Plant	<u>3,696,259</u>	<u>3,492,838</u>	<u>-</u>	<u>7,189,097</u>
Total Depreciable Capital Assets	153,274,522	206,294,536	-	359,569,058
Accumulated Depreciation	<u>(61,468,917)</u>	<u>(93,632,467)</u>	<u>-</u>	<u>(155,101,384)</u>
Net Depreciable Capital Assets	91,805,605	112,662,069	-	204,467,674
Capital Assets (Nondepreciable):				
Land	349,874	479,707	-	829,581
Easements	171,025	328,608	-	499,633
Construction in Process	<u>12,275,267</u>	<u>10,361,256</u>	<u>-</u>	<u>22,636,523</u>
Net Capital Assets	104,601,771	123,831,640	-	228,433,411
OTHER ASSETS				
Special Assessments, Less Current Portion	2,818,711	4,123,123	-	6,941,834
Net Pension Asset	52,069	56,409	-	108,478
Net OPEB Asset	495,627	536,918	-	1,032,545
Total Other Assets	<u>3,366,407</u>	<u>4,716,450</u>	<u>-</u>	<u>8,082,857</u>
Total Noncurrent Assets	<u>107,968,178</u>	<u>128,548,090</u>	<u>-</u>	<u>236,516,268</u>
Total Assets	128,241,286	141,251,422	-	269,492,708
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding	211,429	237,190	-	448,619
Pension	664,746	720,141	-	1,384,887
OPEB	16,434	17,804	-	34,238
Total Deferred Outflows of Resources	<u>892,609</u>	<u>975,135</u>	<u>-</u>	<u>1,867,744</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 129,133,895</u>	<u>\$ 142,226,557</u>	<u>\$ -</u>	<u>\$ 271,360,452</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION –
INFORMATION BY DIVISION (CONTINUED)
DECEMBER 31, 2022**

LIABILITIES AND NET POSITION	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 2,997,751	\$ 3,024,987	\$ -	\$ 6,022,738
Current Portion of Compensated Absences	220,710	239,102	-	459,812
Accounts Payable - Trade	1,946,318	2,338,549	-	4,284,867
Accrued Payroll and Payroll Taxes	180,710	165,722	-	346,432
Accrued Interest Payable	354,911	502,022	-	856,933
Amounts Due Others	315,183	850,127	-	1,165,310
Unearned Revenues	10,000	-	-	10,000
Total Current Liabilities	<u>6,025,583</u>	<u>7,120,509</u>	-	<u>13,146,092</u>
LONG-TERM LIABILITIES				
Long-Term Debt, Less Current Portion	40,813,525	49,811,756	-	90,625,281
Net Pension Liability	1,369,708	1,483,851	-	2,853,559
Net OPEB Liability	-	-	-	-
Compensated Absences Payable, Less Current Portion	135,265	146,537	-	281,802
Total Long-Term Liabilities	<u>42,318,498</u>	<u>51,442,144</u>	-	<u>93,760,642</u>
Total Liabilities	48,344,081	58,562,653	-	106,906,734
DEFERRED INFLOWS OF RESOURCES				
Pension	1,679,698	1,819,674	-	3,499,372
OPEB	512,531	554,298	-	1,066,829
Total Deferred Inflows of Resources	<u>2,192,229</u>	<u>2,373,972</u>	-	<u>4,566,201</u>
Total Liabilities and Deferred Inflows	<u>\$ 50,536,310</u>	<u>\$ 60,936,625</u>	<u>\$ -</u>	<u>\$ 111,472,935</u>
NET POSITION				
Net Investment in Capital Assets	\$ 62,365,295	\$ 71,754,437	\$ -	\$ 134,119,732
Restricted for Debt Service	174,770	827,281	-	1,002,051
Restricted for Net Pension/OPEB Asset	547,696	593,327	-	1,141,023
Unrestricted	15,509,824	8,114,887	-	23,624,711
Total Net Position	<u>\$ 78,597,585</u>	<u>\$ 81,289,932</u>	<u>\$ -</u>	<u>\$ 159,887,517</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION –
INFORMATION BY DIVISION
DECEMBER 31, 2021**

ASSETS	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS				
Cash and Cash Equivalents:				
Unrestricted	\$ 14,834,777	\$ 2,125,976	\$ -	\$ 16,960,753
Restricted	1,579,719	2,669,035	-	4,248,754
Investments:				
Unrestricted	3,337,217	3,832,009	-	7,169,226
Restricted	1,208,624	-	-	1,208,624
Accounts Receivable - Trade	1,731,658	2,006,729	-	3,738,387
Grants Receivable	-	919,444	-	919,444
Current Portion of Special Assessments	490,830	494,868	-	985,698
Inventory	451,448	183,513	-	634,961
Prepaid Expenses	141,417	103,312	-	244,729
Total Current Assets	<u>23,775,690</u>	<u>12,334,886</u>	<u>-</u>	<u>36,110,576</u>
NONCURRENT ASSETS				
Capital Assets (Depreciable):				
Sewer and Water Lines	107,173,743	148,894,668	-	256,068,411
Buildings, Pumps, and Lift Stations	22,113,562	34,538,025	-	56,651,587
Machinery and Equipment	10,422,725	8,619,359	-	19,042,084
Vehicles	1,766,647	2,805,894	-	4,572,541
Furniture and Fixtures	226,360	288,982	-	515,342
Computer Equipment	1,090,329	1,856,764	-	2,947,093
Improvements - Oregon Waste Water Treatment Plant	<u>3,394,518</u>	<u>3,185,486</u>	<u>-</u>	<u>6,580,004</u>
Total Depreciable Capital Assets	146,187,884	200,189,178	-	346,377,062
Accumulated Depreciation	<u>(57,133,924)</u>	<u>(88,182,538)</u>	<u>-</u>	<u>(145,316,462)</u>
Net Depreciable Capital Assets	89,053,960	112,006,640	-	201,060,600
Capital Assets (Nondepreciable):				
Land	349,874	479,707	-	829,581
Easements	138,195	328,608	-	466,803
Construction in Process	<u>8,557,864</u>	<u>6,525,447</u>	<u>-</u>	<u>15,083,311</u>
Net Capital Assets	98,099,893	119,340,402	-	217,440,295
OTHER ASSETS				
Special Assessments, Less Current Portion	3,293,769	4,552,071	-	7,845,840
Net Pension Asset	44,154	40,757	-	84,911
Net OPEB Asset	274,987	297,892	-	572,879
Total Other Assets	<u>3,612,910</u>	<u>4,890,720</u>	<u>-</u>	<u>8,503,630</u>
Total Noncurrent Assets	<u>101,712,803</u>	<u>124,231,122</u>	<u>-</u>	<u>225,943,925</u>
Total Assets	125,488,493	136,566,008	-	262,054,501
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding	212,154	240,756	-	452,910
Pension	369,859	400,681	-	770,540
OPEB	179,012	157,345	-	336,357
Total Deferred Outflows of Resources	<u>761,025</u>	<u>798,782</u>	<u>-</u>	<u>1,559,807</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 126,249,518</u>	<u>\$ 137,364,790</u>	<u>\$ -</u>	<u>\$ 263,614,308</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION –
INFORMATION BY DIVISION (CONTINUED)
DECEMBER 31, 2021**

LIABILITIES AND NET POSITION	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 2,973,314	\$ 2,936,230	\$ -	\$ 5,909,544
Current Portion of Compensated Absences	219,926	238,253	-	458,179
Accounts Payable - Trade	888,872	1,853,231	-	2,742,103
Accrued Payroll and Payroll Taxes	166,185	173,776	-	339,961
Accrued Interest Payable	396,753	511,846	-	908,599
Amounts Due Others	313,535	716,231	-	1,029,766
Unearned Revenues	7,000	919,444	-	926,444
Total Current Liabilities	<u>4,965,585</u>	<u>7,349,011</u>	-	<u>12,314,596</u>
LONG-TERM LIABILITIES				
Long-Term Debt, Less Current Portion	41,267,488	46,969,027	-	88,236,515
Net Pension Liability	2,263,308	2,444,840	-	4,708,148
Compensated Absences Payable, Less Current Portion	131,203	142,048	-	273,251
Total Long-Term Liabilities	<u>43,661,999</u>	<u>49,555,915</u>	-	<u>93,217,914</u>
Total Liabilities	48,627,584	56,904,926	-	105,532,510
DEFERRED INFLOWS OF RESOURCES				
Pension	1,004,429	1,088,133	-	2,092,562
OPEB	847,089	916,736	-	1,763,825
Total Deferred Inflows of Resources	<u>1,851,518</u>	<u>2,004,869</u>	-	<u>3,856,387</u>
Total Liabilities and Deferred Inflows	<u>\$ 50,479,102</u>	<u>\$ 58,909,795</u>	<u>\$ -</u>	<u>\$ 109,388,897</u>
NET POSITION				
Net Investment in Capital Assets	\$ 56,208,514	\$ 70,667,971	\$ -	\$ 126,876,485
Restricted for Debt Service	245,450	942,601	-	1,188,051
Restricted for Net Pension/OPEB Asset	319,141	338,649	-	657,790
Unrestricted	18,997,311	6,505,774	-	25,503,085
Total Net Position	<u>\$ 75,770,416</u>	<u>\$ 78,454,995</u>	<u>\$ -</u>	<u>\$ 154,225,411</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INFORMATION BY DIVISION
YEAR ENDED DECEMBER 31, 2022**

	Water	Sewer	Eliminations	Combined
OPERATING REVENUES				
Utility Revenue	\$ 19,851,135	\$ 12,179,769	\$ -	\$ 32,030,904
Fees and Permits	373,760	114,057	-	487,817
Contract Services	51,255	219,580	-	270,835
Watershed Revenue	233,236	-	-	233,236
Other Operating Revenues	192,112	203,178	-	395,290
Total Operating Revenues	<u>20,701,498</u>	<u>12,716,584</u>	<u>-</u>	<u>33,418,082</u>
OPERATING EXPENSES				
Depreciation and Amortization	4,392,560	5,527,351	-	9,919,911
Labor	2,426,179	2,495,991	-	4,922,170
Employee Benefits	(93,745)	(172,713)	-	(266,458)
Professional Services	953,424	801,980	-	1,755,404
Purchased Water and Sewer Treatment	8,272,013	383,108	-	8,655,121
Materials and Supplies	864,115	1,157,715	-	2,021,830
Utilities	378,664	414,144	-	792,808
Other	562,699	593,639	-	1,156,338
Total Operating Expenses	<u>17,755,909</u>	<u>11,201,215</u>	<u>-</u>	<u>28,957,124</u>
OPERATING INCOME	2,945,589	1,515,369	-	4,460,958
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,183	921	-	2,104
Interest Expense	(836,185)	(1,069,830)	-	(1,906,015)
Other Income	19,167	22,800	-	41,967
Total Nonoperating Revenues (Expenses)	<u>(815,835)</u>	<u>(1,046,109)</u>	<u>-</u>	<u>(1,861,944)</u>
AID IN CONSTRUCTION	<u>697,415</u>	<u>2,365,677</u>	<u>-</u>	<u>3,063,092</u>
CHANGE IN NET POSITION	2,827,169	2,834,937	-	5,662,106
NET POSITION				
Beginning of Year	<u>75,770,416</u>	<u>78,454,995</u>	<u>-</u>	<u>154,225,411</u>
End of Year	<u>\$ 78,597,585</u>	<u>\$ 81,289,932</u>	<u>\$ -</u>	<u>\$ 159,887,517</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INFORMATION BY DIVISION
YEAR ENDED DECEMBER 31, 2021

	Water	Sewer	Eliminations	Combined
OPERATING REVENUES				
Utility Revenue	\$ 19,439,279	\$ 11,799,513	\$ -	\$ 31,238,792
Fees and Permits	339,166	118,695	-	457,861
Contract Services	39,154	133,625	-	172,779
WaterShed Revenue	204,846	-	-	204,846
Other Operating Revenues	168,577	183,387	-	351,964
Total Operating Revenues	<u>20,191,022</u>	<u>12,235,220</u>	<u>-</u>	<u>32,426,242</u>
OPERATING EXPENSES				
Depreciation and Amortization	4,285,459	5,654,562	-	9,940,021
Labor	2,362,103	2,416,801	-	4,778,904
Employee Benefits	(1,265,424)	(1,061,736)	-	(2,327,160)
Professional Services	699,287	893,365	-	1,592,652
Purchased Water and Sewer Treatment	7,674,926	359,581	-	8,034,507
Materials And Supplies	735,565	1,102,021	-	1,837,586
Utilities	389,922	424,326	-	814,248
Other	524,861	525,368	-	1,050,229
Total Operating Expenses	<u>15,406,699</u>	<u>10,314,288</u>	<u>-</u>	<u>25,720,987</u>
OPERATING INCOME	4,784,323	1,920,932	-	6,705,255
NONOPERATING REVENUES (EXPENSES)				
Investment Income	125,784	128,142	-	253,926
Interest Expense	(941,079)	(1,143,755)	-	(2,084,834)
Other Income	24,543	34,416	-	58,959
Total Nonoperating Revenues (Expenses)	<u>(790,752)</u>	<u>(981,197)</u>	<u>-</u>	<u>(1,771,949)</u>
AID IN CONSTRUCTION	684,113	897,901	-	1,582,014
CHANGE IN NET POSITION	4,677,684	1,837,636	-	6,515,320
NET POSITION				
Beginning of Year	<u>71,092,732</u>	<u>76,617,359</u>	<u>-</u>	<u>147,710,091</u>
End of Year	<u>\$ 75,770,416</u>	<u>\$ 78,454,995</u>	<u>\$ -</u>	<u>\$ 154,225,411</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF CASH FLOWS –
INFORMATION BY DIVISION
YEAR ENDED DECEMBER 31, 2022**

	Water	Sewer	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income	\$ 2,945,589	\$ 1,515,369	\$ -	\$ 4,460,958
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:				
Depreciation and Amortization	4,392,560	5,527,351	-	9,919,911
Effects of Changes in Operating Assets and Liabilities:				
Accounts Receivable - Trade	(182,358)	452,337	-	269,979
Grant Receivable	(36,947)	(296,917)	-	(333,864)
Inventory	(352,434)	(79,359)	-	(431,793)
Prepaid Expenses	39,567	(31,252)	-	8,315
Net Pension Asset	(7,915)	(15,652)	-	(23,567)
Deferred Outflows - Refunding	-	3,566	-	3,566
Deferred Outflows - Pension	(294,887)	(319,460)	-	(614,347)
Deferred Outflows - OPEB	162,578	139,541	-	302,119
Accounts Payable - Trade	1,057,446	221,661	-	1,279,107
Accrued Payroll and Payroll Taxes	14,525	(8,054)	-	6,471
Accounts Due to Others	1,648	133,896	-	135,544
Net Pension Liability	(893,600)	(960,989)	-	(1,854,589)
Net OPEB Asset	(220,640)	(239,026)	-	(459,666)
Compensated Absences Payable	4,846	5,338	-	10,184
Unearned Revenues	3,000	(919,444)	-	(916,444)
Deferred Inflows - Pension	675,269	731,541	-	1,406,810
Deferred Inflows - OPEB	(334,558)	(362,438)	-	(696,996)
Net Cash Provided by Operations	<u>6,973,689</u>	<u>5,498,009</u>	<u>-</u>	<u>12,471,698</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	1,183	921	-	2,104
Proceeds on Sale of Investments	661,741	512,779	-	1,174,520
Purchases of Investments	(500,832)	(345,640)	-	(846,472)
Net Cash Provided by Investing Activities	<u>162,092</u>	<u>168,060</u>	<u>-</u>	<u>330,152</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Aid in Construction	697,415	1,703,725	-	2,401,140
Acquisition and Construction of Capital Assets	(10,912,880)	(9,115,780)	-	(20,028,660)
Proceeds from Sale of Assets	19,167	22,800	-	41,967
Proceeds from Issuance of Long-Term Debt	3,197,577	6,906,797	-	10,104,374
Repayment of Long-Term Debt	(3,627,103)	(3,975,311)	-	(7,602,414)
Collections on Special Assessments	494,005	495,725	-	989,730
Assessed Special Assessments	(19,268)	(13,377)	-	(32,645)
Interest Paid	(858,860)	(1,056,854)	-	(1,915,714)
Net Cash Used by Capital and Related Financing Activities	<u>(11,009,947)</u>	<u>(5,032,275)</u>	<u>-</u>	<u>(16,042,222)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,874,166)</u>	<u>633,794</u>	<u>-</u>	<u>(3,240,372)</u>
CASH AND CASH EQUIVALENTS				
Beginning of Year	<u>16,414,496</u>	<u>4,795,011</u>	<u>-</u>	<u>21,209,507</u>
End of Year	<u>\$ 12,540,330</u>	<u>\$ 5,428,805</u>	<u>\$ -</u>	<u>\$ 17,969,135</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF CASH FLOWS –
INFORMATION BY DIVISION
YEAR ENDED DECEMBER 31, 2021**

	Water	Sewer	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 4,784,323	\$ 1,920,932	\$ -	\$ 6,705,255
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:				
Depreciation and Amortization	4,285,459	5,654,562	-	9,940,021
Effects of Changes in Operating Assets and Liabilities:				
Accounts Receivable - Trade	121,708	(236,379)	-	(114,671)
Inventory	(87,997)	(39,292)	-	(127,289)
Prepaid Expenses	(293,028)	(285,735)	-	(578,763)
Net Pension Asset	(16,302)	(10,583)	-	(26,885)
Deferred Outflows - Refunding	5,938	1,861	-	7,799
Deferred Outflows - Pension	103,951	112,613	-	216,564
Deferred Outflows - OPEB	196,788	213,187	-	409,975
Accounts Payable - Trade	(1,030,152)	255,601	-	(774,551)
Accrued Payroll and Payroll Taxes	(2,054)	1,393	-	(661)
Accounts Due to Others	190,107	163,173	-	353,280
Net Pension Liability	(700,310)	(765,747)	-	(1,466,057)
Net OPEB Asset	(2,256,877)	(2,097,681)	-	(4,354,558)
Compensated Absences Payable	(20,160)	(21,929)	-	(42,089)
Unearned Revenues	(3,000)	-	-	(3,000)
Deferred Inflow - Pension	300,917	325,994	-	626,911
Deferred Inflows - OPEB	533,172	577,603	-	1,110,775
Net Cash Provided by Operations	<u>6,112,483</u>	<u>5,769,573</u>	<u>-</u>	<u>11,882,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	125,784	128,142	-	253,926
Proceeds on Sale of Investments	3,653,409	3,189,325	-	6,842,734
Purchases of Investments	<u>(3,684,862)</u>	<u>(3,225,510)</u>	<u>-</u>	<u>(6,910,372)</u>
Net Cash Provided by Investing Activities	94,331	91,957	-	186,288
CASH FLOWS FROM FINANCING ACTIVITIES				
Aid in Construction	462,114	742,848	-	1,204,962
Acquisition and Construction of Capital Assets	(7,232,125)	(5,665,792)	-	(12,897,917)
Proceeds from Sale of Assets	50,001	109,804	-	159,805
Proceeds from Issuance of Long-Term Debt	7,913,757	3,440,485	-	11,354,242
Repayment of Long-Term Debt	(2,597,914)	(3,093,449)	-	(5,691,363)
Collections on Special Assessments	490,742	497,199	-	987,941
Assessed Special Assessments	(99,118)	(51,443)	-	(150,561)
Interest Paid	(906,047)	(1,152,285)	-	(2,058,332)
Net Cash Used by Financing Activities	<u>(1,918,590)</u>	<u>(5,172,633)</u>	<u>-</u>	<u>(7,091,223)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	4,288,224	688,897	-	4,977,121
CASH AND CASH EQUIVALENTS				
Beginning of Year	<u>12,126,272</u>	<u>4,106,114</u>	<u>-</u>	<u>16,232,386</u>
End of Year	<u>\$ 16,414,496</u>	<u>\$ 4,795,011</u>	<u>\$ -</u>	<u>\$ 21,209,507</u>



NORTHWESTERN WATER & SEWER DISTRICT STATISTICAL SCHEDULES

This part of Northwestern Water & Sewer District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information about the District's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S2
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its water and sewer sales.	S4
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S16
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	S21
Operating Information These schedules contain information about the District's operation and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	S24
Sources Unless stated otherwise, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	



NORTHWESTERN WATER & SEWER DISTRICT
NET POSITION
LAST TEN YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Investment in										
Capital Assets	\$ 134,120	\$ 126,876	\$ 127,683	\$ 121,662	\$ 122,085	\$ 117,942	\$ 114,559	\$ 107,364	\$ 102,403	\$ 101,502
Restricted	2,143	1,846	1,235	5,350	5,076	4,806	4,706	4,951	4,967	4,812
Unrestricted	23,625	25,503	18,792	13,127	9,970	14,807	12,485	10,488	13,258	9,254
Total Net Position	<u>\$ 159,888</u>	<u>\$ 154,225</u>	<u>\$ 147,710</u>	<u>\$ 140,139</u>	<u>\$ 137,131</u>	<u>\$ 137,555</u>	<u>\$ 131,750</u>	<u>\$ 122,803</u>	<u>\$ 120,628</u>	<u>\$ 115,568</u>

Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
CHANGES IN NET POSITION
LAST TEN YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

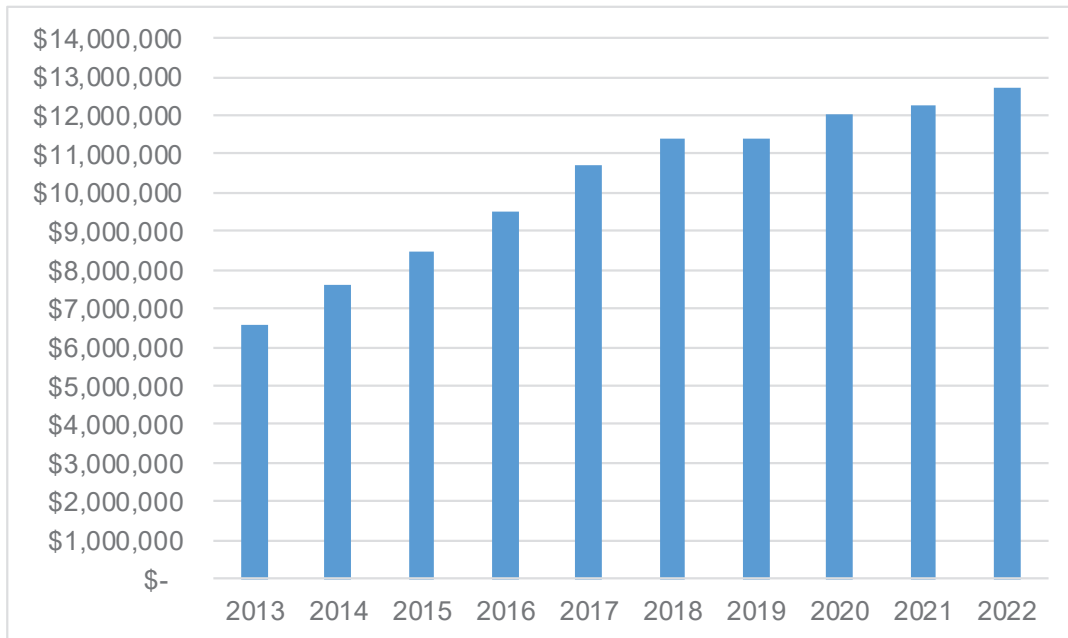
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenue	\$ 33,418	\$ 32,427	\$ 31,538	\$ 29,029	\$ 29,079	\$ 27,527	\$ 25,053	\$ 22,081	\$ 20,359	\$ 17,226
Operating Expenses	28,957	25,721	29,235	29,006	26,064	25,132	22,210	19,984	19,297	17,429
Total Net Revenue (Expense)	4,461	6,706	2,303	23	3,015	2,395	2,843	2,097	1,062	(203)
Other Changes in Net Position:										
Nonoperating Revenues (Expenses)	(1,861)	(1,773)	(1,544)	(1,462)	(2,620)	(1,714)	(1,781)	(1,971)	(2,151)	(1,486)
Aid in Construction	3,063	1,582	6,812	4,447	2,253	5,124	7,885	4,731	6,149	5,698
Total Other Changes in Net Position	1,202	(191)	5,268	2,985	(367)	3,410	6,104	2,760	3,998	4,212
Change in Net Position	\$ 5,663	\$ 6,515	\$ 7,571	\$ 3,008	\$ 2,648	\$ 5,805	\$ 8,947	\$ 4,857	\$ 5,060	\$ 4,009

Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
SEWER OPERATING REVENUES BY SOURCE
LAST TEN YEARS**

Year Ended December 31,	Waste Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
2022	\$ 12,179,769	\$ 114,057	\$ 219,580	\$ 203,178	\$ 12,716,584	3.9 %
2021	11,799,513	118,695	133,625	183,387	12,235,220	1.6
2020	11,498,310	134,756	150,869	253,176	12,037,111	5.49
2019	10,992,011	88,377	152,542	177,742	11,410,672	(0.03)
2018	10,962,109	96,928	176,957	178,255	11,414,249	6.8
2017	10,285,216	96,797	136,736	172,735	10,691,484	12.4
2016	9,098,667	97,068	152,401	160,733	9,508,869	12.4
2015	8,072,309	79,848	149,613	161,234	8,463,004	10.9
2014	7,302,593	67,472	139,918	120,461	7,630,444	16.3
2013	5,804,560	68,526	144,477	541,405	6,558,968	8.3

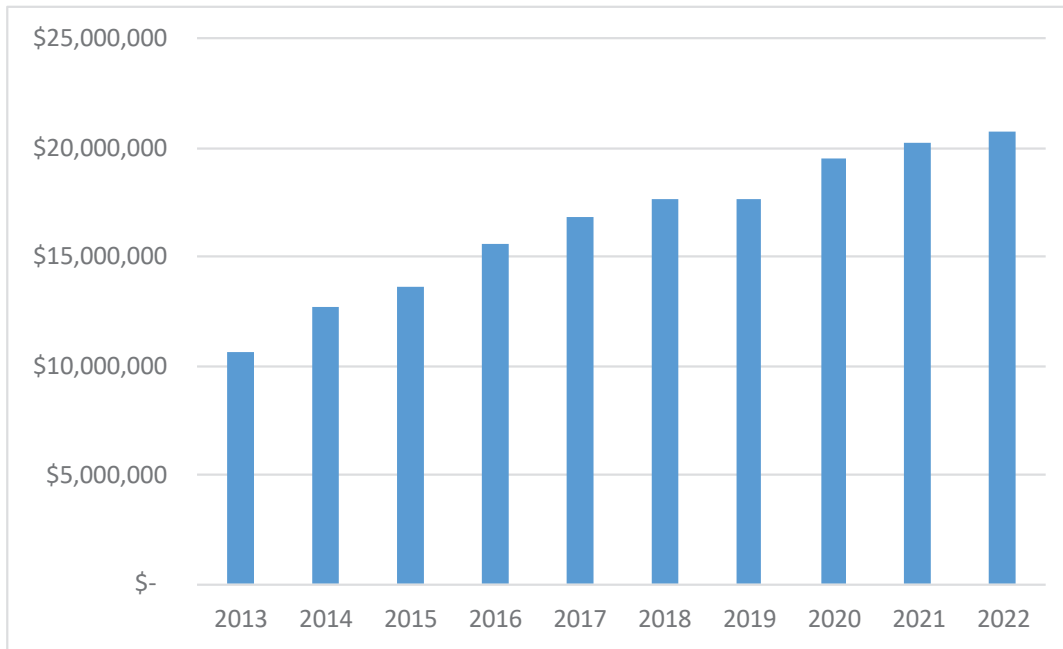


Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
WATER OPERATING REVENUES BY SOURCE
LAST TEN YEARS**

Year Ended December 31,	Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
2022	\$ 19,851,135	\$ 373,760	\$ 51,255	\$ 425,348	\$ 20,701,498	2.5 %
2021	19,439,279	339,166	39,154	373,423	20,191,022	3.5
2020	18,619,069	362,973	69,835	449,088	19,500,965	10.7
2019	16,783,043	419,559	74,324	341,640	17,618,566	(0.3)
2018	16,748,453	491,792	105,284	319,293	17,664,822	4.9
2017	15,997,100	464,399	56,821	317,567	16,835,887	8.3
2016	14,843,204	431,663	34,747	234,915	15,544,529	1.4
2015	12,985,300	314,355	46,715	271,662	13,618,032	7.0
2014	12,084,386	317,836	43,986	283,477	12,729,685	19.3
2013	10,049,093	271,435	50,283	296,060	10,666,871	21.3



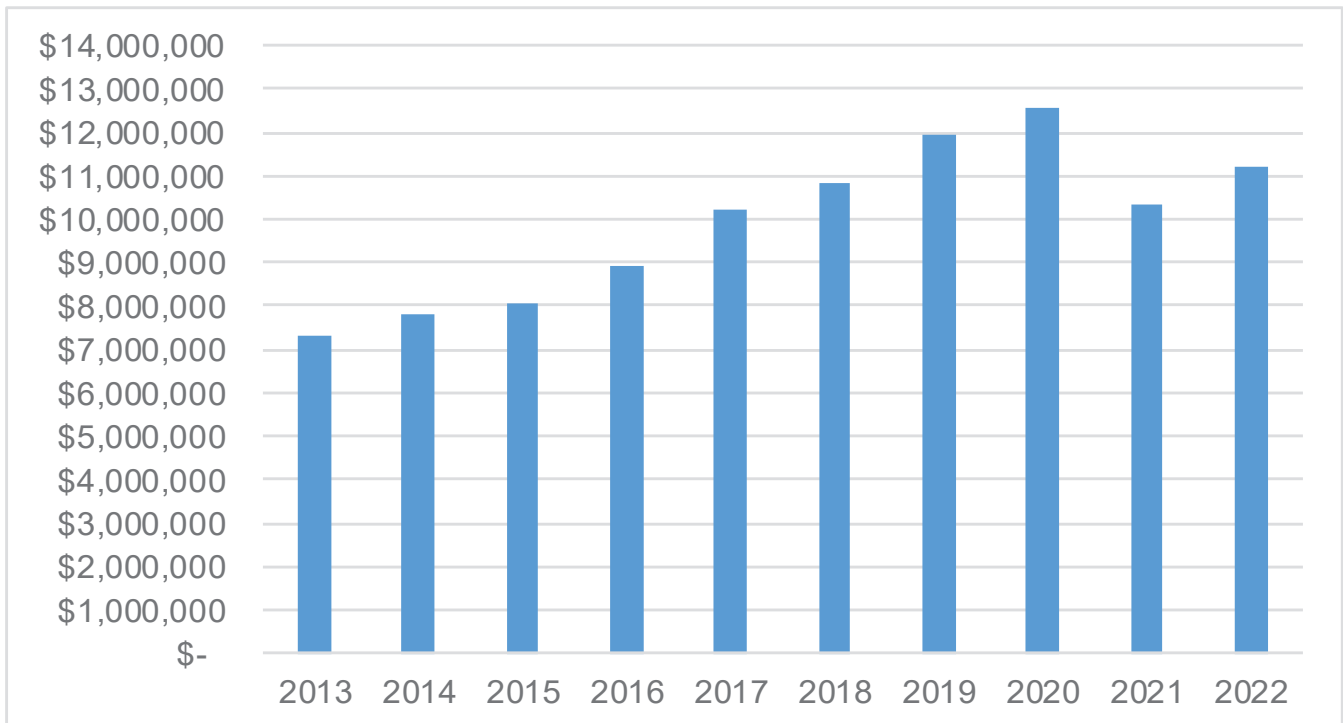
Source: District accounting records.



NORTHWESTERN WATER & SEWER DISTRICT SEWER OPERATING EXPENSES BY TYPE LAST TEN YEARS

Year Ended December 31,	Salaries and Wages	Benefits	Professional Services	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
2022	\$ 2,495,991	\$ (172,713) *	\$ 801,980	\$ 1,157,715	\$ 414,144	\$ 5,527,351	\$ 976,747	\$ 11,201,215	10.7 %
2021	2,416,801	(1,061,736) *	893,365	1,101,567	424,326	5,654,562	885,403	10,314,288	(17.8)
2020	2,300,220	1,504,953	1,151,258	970,063	405,328	5,259,260	950,595	12,541,677	5.0
2019	2,137,591	1,946,225	815,867	966,428	393,427	4,848,505	840,650	11,948,693	10.1
2018	2,113,901	1,208,686	869,426	735,351	387,220	4,714,991	821,805	10,851,380	5.9
2017	1,897,299	1,224,277	746,597	682,481	375,509	4,516,503	802,144	10,244,810	15.0
2016	1,649,109	923,123	532,004	575,304	352,161	4,008,332	865,031	8,905,064	10.2
2015	1,579,267	691,616	483,549	532,549	337,855	3,813,745	642,491	8,081,072	3.2
2014	1,505,418	690,651	670,287	541,383	359,816	3,659,597	404,621	7,831,773	7.4
2013	1,465,545	626,856	898,666	577,522	310,481	3,102,224	310,016	7,291,310	8.3

* Negative balance due to GASB68 and GASB75 adjustments



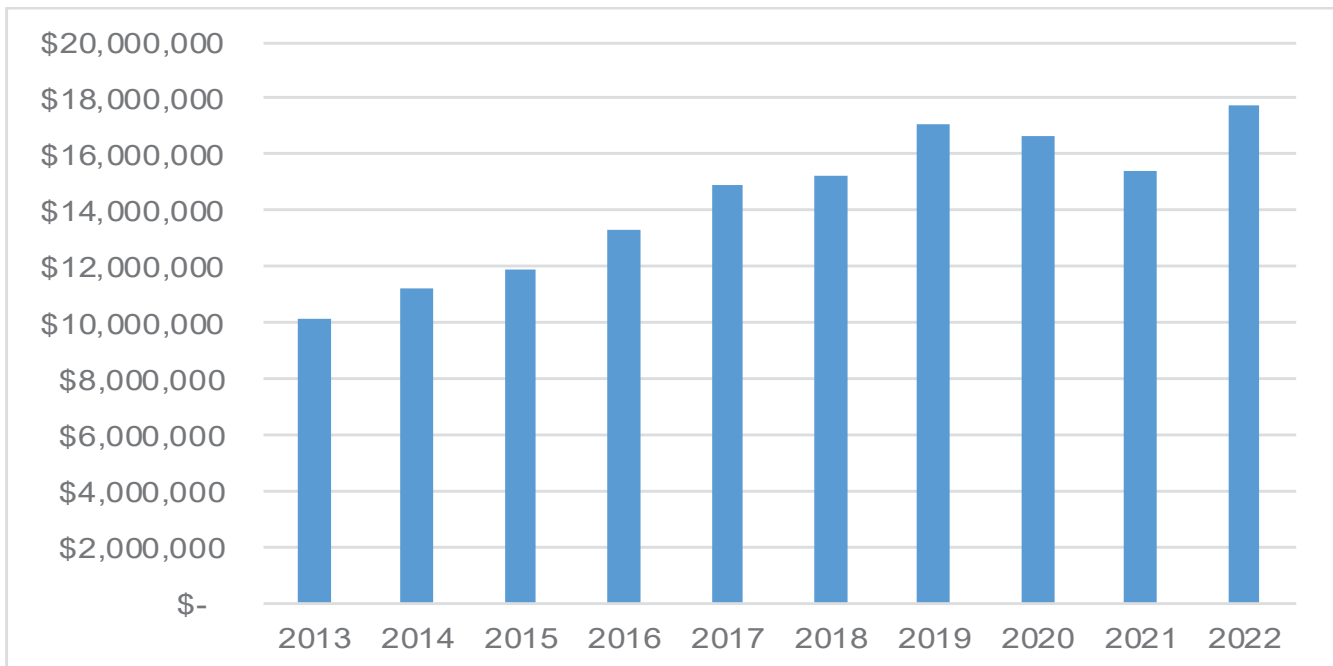
Source: District accounting records.



NORTHWESTERN WATER & SEWER DISTRICT WATER OPERATING EXPENSES BY TYPE LAST TEN YEARS

Year Ended December 31,	Salaries and Wages	Benefits	Professional Services	Purchased Water	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
2022	\$ 2,426,179	\$ (93,745) *	\$ 953,424	\$ 8,272,013	\$ 864,115	\$ 378,664	\$ 4,392,560	\$ 562,699	\$ 17,755,909	15.2 %
2021	2,362,103	(1,265,424) *	699,287	7,674,926	735,565	389,922	4,285,459	524,861	15,406,699	(7.7)
2020	2,317,828	964,671	782,983	7,011,362	611,727	382,682	4,121,424	500,535	16,693,212	(2.1)
2019	2,271,333	2,013,071	1,086,957	6,462,792	647,628	383,598	3,704,971	487,119	17,057,469	12.1
2018	2,114,970	1,199,945	796,396	5,980,096	691,916	342,059	3,606,190	481,008	15,212,580	2.2
2017	1,968,692	1,438,881	778,539	5,779,484	627,499	324,143	3,470,205	499,124	14,886,567	2.2
2016	1,744,097	869,233	566,492	5,678,647	534,054	288,383	3,173,901	449,855	13,304,662	11.8
2015	1,620,057	632,291	566,757	4,998,913	386,922	246,532	3,026,220	425,338	11,903,030	5.9
2014	1,548,554	643,040	464,786	4,673,973	491,402	259,159	2,729,228	428,053	11,238,195	10.9
2013	1,425,581	617,366	511,770	4,050,714	706,281	219,890	2,302,774	303,288	10,137,664	17.9

* Negative balance due to GASB68 and GASB75 adjustments



Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
SEWER NONOPERATING REVENUES BY SOURCE
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Investment Income</u>	<u>Aid in Construction (1)</u>	<u>Other Income (Expense)</u>	<u>Total</u>
2022	\$ 921	\$ 2,365,677	\$ 22,800	\$ 2,389,398
2021	128,142	897,901	34,416	1,060,459
2020	243,925	3,964,644	90,625	4,299,194
2019	285,420	3,590,719	17,198	3,893,337
2018	284,956	1,362,583	(799,608)	847,931
2017	251,511	3,637,001	(100,756)	3,787,756
2016	250,809	4,558,301	(1,510)	4,807,600
2015	247,387	1,348,032	(88,506)	1,506,913
2014	185,600	4,698,217	1,639	4,885,456
2013	196,097	2,013,469	(27,419)	2,182,147

(1) Other Aid in Construction includes System Development Fees, Grants, Developer assets turned over to the District.



**NORTHWESTERN WATER & SEWER DISTRICT
WATER NONOPERATING REVENUES BY SOURCE
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Investment Income</u>	<u>Aid in Construction (1)</u>	<u>Other Income (Expense)</u>	<u>Total</u>
2022	\$ 1,183	\$ 697,415	\$ 19,167	\$ 717,765
2021	125,784	684,113	24,543	834,440
2020	251,302	2,847,022	45,355	3,143,679
2019	294,881	856,153	(47,266)	1,103,768
2018	268,556	890,319	(110,390)	1,048,485
2017	297,971	1,486,711	(110,130)	1,674,552
2016	261,776	3,325,521	(30,052)	3,557,245
2015	304,456	3,383,262	(75,455)	3,612,263
2014	303,021	1,450,260	(345,462)	1,407,819
2013	295,122	3,684,238	(11,723)	3,967,637

(1) Other Aid in Construction includes System Development Fees, Grants, Developer assets turned over to the District.



**NORTHWESTERN WATER & SEWER DISTRICT
SEWER USER RATES
LAST TEN YEARS**

Year Ended December 31,	Minimum Charge		Volume Charges (1)	
	Monthly	Quarterly	Collection Only	Collection and Treatment
2022	\$ 15.61	\$ 31.22	\$ 35.43	\$ 64.50
2021	15.16	30.32	34.98	63.21
2020	15.16	30.32	34.98	63.21
2019	14.72	29.44	34.55	61.95
2018	14.29	28.58	34.13	60.73
2017	13.87	27.74	32.17	58.00
2016	13.47	26.94	27.37	52.45
2015	13.08	26.16	23.41	47.75
2014	12.70	25.40	19.49	43.13
2013	12.30	24.60	15.74	38.69

(1) Per 1,000 cubic feet of water consumption or measured sewer consumption.



**NORTHWESTERN WATER & SEWER DISTRICT
WATER USER RATES
LAST TEN YEARS**

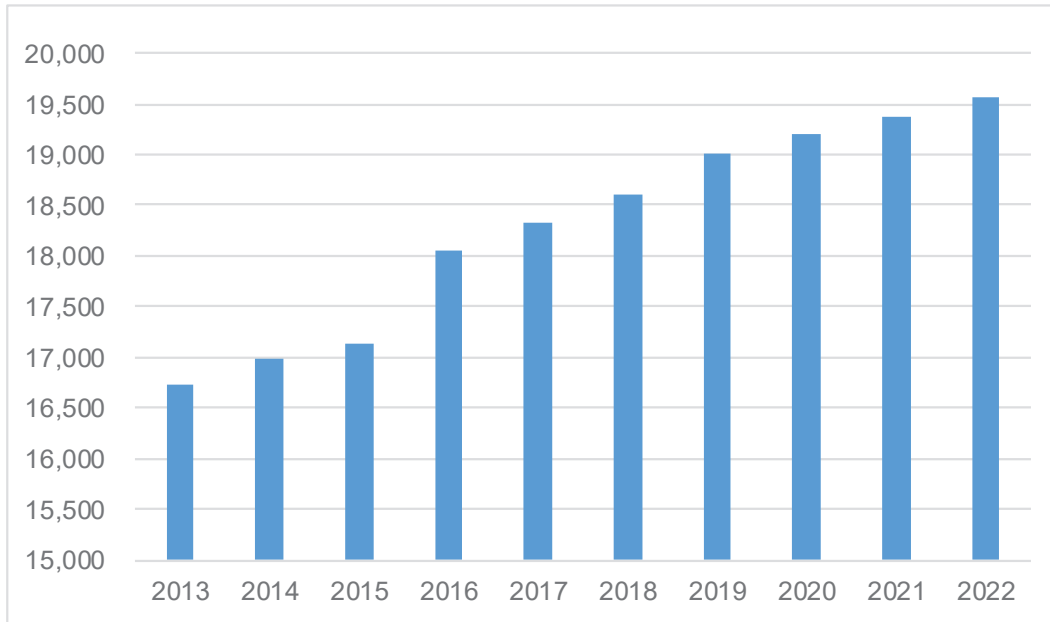
<u>Year Ended December 31,</u>	<u>Minimum Charge</u>		<u>Volume Charges (1)</u>
	<u>Monthly</u>	<u>Quarterly</u>	<u>Distribution</u>
2022	\$ 17.15	\$ 34.30	\$ 22.20
2021	16.65	33.30	21.84
2020	16.65	33.30	21.84
2019	16.16	32.32	21.48
2018	15.69	31.38	21.14
2017	15.23	30.46	19.88
2016	14.79	29.58	17.33
2015	14.36	28.72	15.47
2014	13.94	27.88	13.71
2013	13.53	27.06	11.93

(1) Per 1,000 cubic feet of water consumption.



NORTHWESTERN WATER & SEWER DISTRICT HISTORICAL SEWER CUSTOMERS AND SEWER CONSUMPTION LAST TEN YEARS

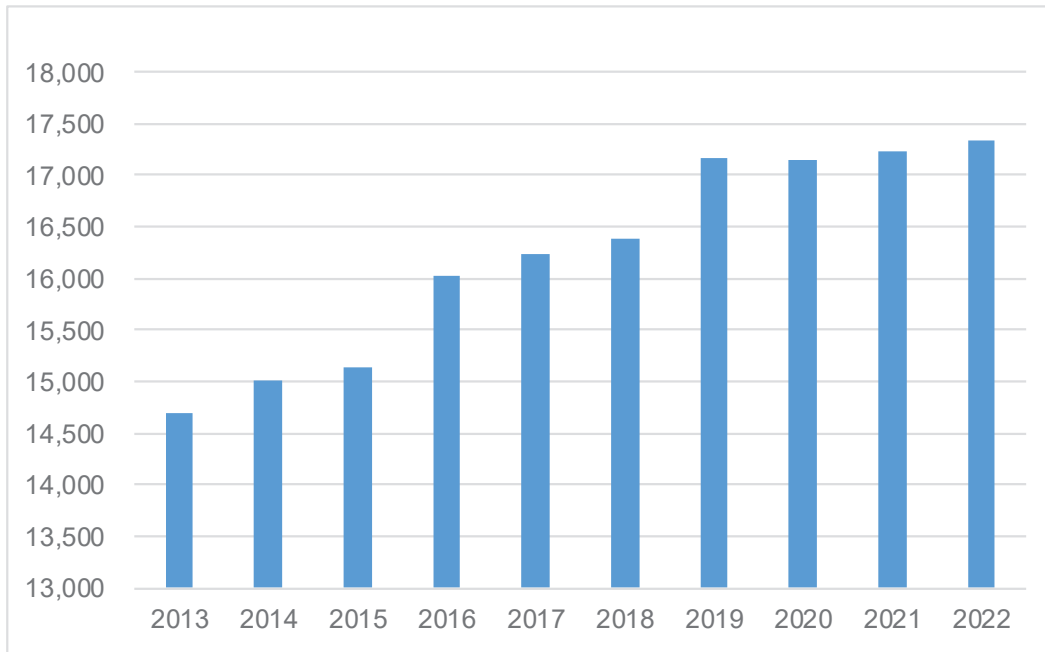
<u>Year Ended December 31,</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/Gal.)</u>	<u>Consumption (000's/Gal.)</u>
2013	16,726	4,091	1,493,104
2014	16,979	4,344	1,585,600
2015	17,136	4,278	1,561,609
2016	18,050	4,447	1,622,996
2017	18,321	4,348	1,587,181
2018	18,606	4,431	1,617,245
2019	19,002	4,290	1,565,855
2020	19,212	4,413	1,610,923
2021	19,378	4,517	1,648,693
2022	19,562	4,672	1,705,291





**NORTHWESTERN WATER & SEWER DISTRICT
HISTORICAL WATER CUSTOMERS AND WATER CONSUMPTION
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/Gal.)</u>	<u>Total Annual Consumption (000's/Gal.)</u>
2013	14,704	4,145	1,513,066
2014	15,009	4,425	1,615,268
2015	15,148	4,296	1,568,308
2016	16,017	4,601	1,679,494
2017	16,240	4,381	1,599,123
2018	16,391	4,480	1,635,043
2019	17,164	4,375	1,596,963
2020	17,149	4,759	1,737,054
2021	17,222	4,857	1,772,781
2022	17,341	4,877	1,780,006



Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
TEN LARGEST SEWER CUSTOMERS
CURRENT AND NINE YEARS AGO**

Customer	2022		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percent of Total System Revenue
1. First Solar	163,686	\$ 776,694	6.11%
2. Charter Steel**	71,477	242,998	1.91%
3. MSC Walbridge Coatings	54,686	269,842	2.12%
4. Chrysler	26,008	123,564	0.97%
5. Friendly Village I and II MHP	20,958	99,647	0.78%
6. Tracy Creek Apartments	17,561	86,927	0.68%
7. LOF Pilkington	15,820	75,172	0.59%
8. Hearthside	14,756	92,919	0.73%
9. Perry Lake Village*	13,671	44,124	0.35%
10. Norplas	12,305	62,013	0.49%
Total	<u>410,928</u>	<u>\$ 1,873,900</u>	<u>14.74%</u>

*Billed at 70% of District Rate

**New rate charged Eff 7/1/2020

Customer	2013		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percent of Total System Revenue
1. Charter Steel	76,546	\$ 160,190	2.76%
2. First Solar	49,980	105,689	1.82%
3. Pre-Finished Metals	46,164	96,753	1.67%
4. Chrysler	35,833	75,288	1.30%
5. Norplas	27,086	56,895	0.98%
6. Friendly Village I and II MHP	24,255	35,182	0.61%
7. Cintas	15,270	32,048	0.55%
8. Holiday Inn Perrysburg Twp	13,512	30,238	0.52%
9. Perry Lake Village	13,097	20,397	0.35%
10. Walnut Hills Mobile Home Park	11,676	26,678	0.46%
Total	<u>313,419</u>	<u>\$ 639,358</u>	<u>11.02 %</u>



**NORTHWESTERN WATER & SEWER DISTRICT
TEN LARGEST WATER CUSTOMERS
CURRENT AND NINE YEARS AGO**

<u>Customer</u>	2022		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percent of Total System Revenue
1. First Solar	221,559	\$ 676,190	3.27%
2. MSC Walbridge Coatings	78,291	236,082	1.14%
3. Charter Steel**	71,477	190,267	0.92%
4. Jones Hamilton	29,508	91,055	0.44%
5. Chrysler	26,008	85,830	0.41%
6. Tracy Creek Apartments	22,679	76,010	0.37%
7. Norplas	21,720	67,344	0.33%
8. Friendly Village I and II MHP	20,958	70,844	0.34%
9. Hearthside	14,756	170,027	0.82%
10. Perry Lake Village *	13,671	32,153	0.16%
Total	<u>520,627</u>	<u>\$ 1,695,802</u>	<u>8.19%</u>

*Total Billed as Master Meter Rate. Other Accounts O & M only

**New Rate Effective 7/1/2020

<u>Customer</u>	2013		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percentage of Total System Revenue
1. First Solar	65,725	\$ 114,585	1.14%
2. Charter Steel	61,798	108,679	1.08%
3. Prefinished Metals	55,246	91,171	0.91%
4. Norplas	38,597	63,630	0.63%
5. Chrysler	35,833	63,730	0.63%
6. Friendly Village I and II MHP	24,255	48,362	0.48%
7. MSB Dairy	23,438	127,403	1.27%
8. Jones Hamilton	20,965	36,140	0.36%
9. Cintas	15,472	26,798	0.27%
10. Holiday Inn Perrysburg Twp	13,512	24,156	0.24%
Total	<u>354,841</u>	<u>704,654</u>	<u>7.01 %</u>



NORTHWESTERN WATER & SEWER DISTRICT RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Debt By Type In Thousands	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue Bond Issues:										
\$2,165 Series 2004B	\$ 1,415	\$ 1,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1,200 Series 2005A	858	770	715	660	-	-	-	-	-	-
\$6,910 Series 2008	5,675	5,400	5,115	4,820	-	-	-	-	-	-
\$2,350 Series 2010	2,135	2,055	1,970	1,880	1,790	1,695	1,595	1,490	-	-
\$3,870 Series 2012 (1)	3,368	3,093	2,850	2,613	2,390	2,171	1,953	1,740	1,527	1,398
\$1,300 Series 2015 (3)	-	-	1,180	1,060	935	810	680	550	420	280
\$5,795 Series 2017 (4)	-	-	-	-	5,115	4,675	4,225	3,770	3,310	2,830
\$1,502 Series 2021 (5)	-	-	-	-	-	-	-	-	1,372	1,241
Total Revenue Bonds	13,451	12,608	11,830	11,033	10,230	9,351	8,453	7,550	6,629	5,749
Special Assessment Issues:										
\$277 Series 1996	42	28	14	-	-	-	-	-	-	-
\$360 Series 1998	95	80	60	40	20	-	-	-	-	-
\$500 Series 1999	210	180	150	115	80	40	-	-	-	-
\$175 Series 2000	65	55	45	40	30	20	10	-	-	-
\$2,000 Series 2004A	1,290	1,195	-	-	-	-	-	-	-	-
\$1,010 Series 2006	760	715	670	620	-	-	-	-	-	-
\$2,205 Series 2008	1,878	1,750	1,660	1,565	-	-	-	-	-	-
\$2,350 Series 2010	2,125	2,045	1,960	1,875	1,785	1,690	1,590	1,485	-	-
\$2,880 Series 2012 (2)	2,615	2,302	2,039	1,824	1,568	1,317	1,056	789	523	248
\$1,240 Series 2015 (3)	-	-	1,120	1,005	890	775	655	530	405	275
\$2,350 Series 2017 (4)	-	-	-	-	2,145	1,935	1,725	1,510	1,285	1,060
\$1,545 Series 2021 (5)	-	-	-	-	-	-	-	-	1,408	1,274
Total SA Bonds	9,080	8,350	7,718	7,084	6,518	5,777	5,036	4,314	3,621	2,857
U.S. Dept. of Agriculture Ohio Water Development Authority	13,497	13,219	12,933	13,794	13,959	13,617	18,095	17,644	16,956	14,948
Ohio Public Works Commission	596	520	439	368	309	412	626	607	802	743
Other	993	801	603	421	276	446	122	122	120	120
Unamortized Discount	-	(26)	(8)	(8)	-	-	-	-	-	-
Unamortized Premium	-	202	194	150	80	74	69	63	58	52
Total All Debt	\$ 60,112	\$ 65,868	\$ 64,269	\$ 74,271	\$ 80,720	\$ 79,760	\$ 86,111	\$ 88,483	\$ 94,146	\$ 96,648
Number of Customer Accounts	31,500	31,988	32,284	34,067	34,561	34,997	34,997	36,166	36,361	36,903
Outstanding Debt Per Customer Account	\$ 1,908	\$ 2,059	\$ 1,990	\$ 2,175	\$ 2,333	\$ 2,279	\$ 2,381	\$ 2,432	\$ 2,571	\$ 2,617

- (1) The Series 2002 Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 Bonds.
- (2) The Series 2003 SA Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 SA Bonds.
- (3) The Series 2004 A & B Bonds were refunded on 2/27/2015 and replaced by the Series 2015 Bonds.
- (4) The Series 2005A, 2006, and 2008 Bonds were refunded on 7/21/2017 and replaced by the Series 2017 Bonds.
- (5) The Series 2010 were refunded on March 3, 2021 and replaced by Series 2021 Bonds

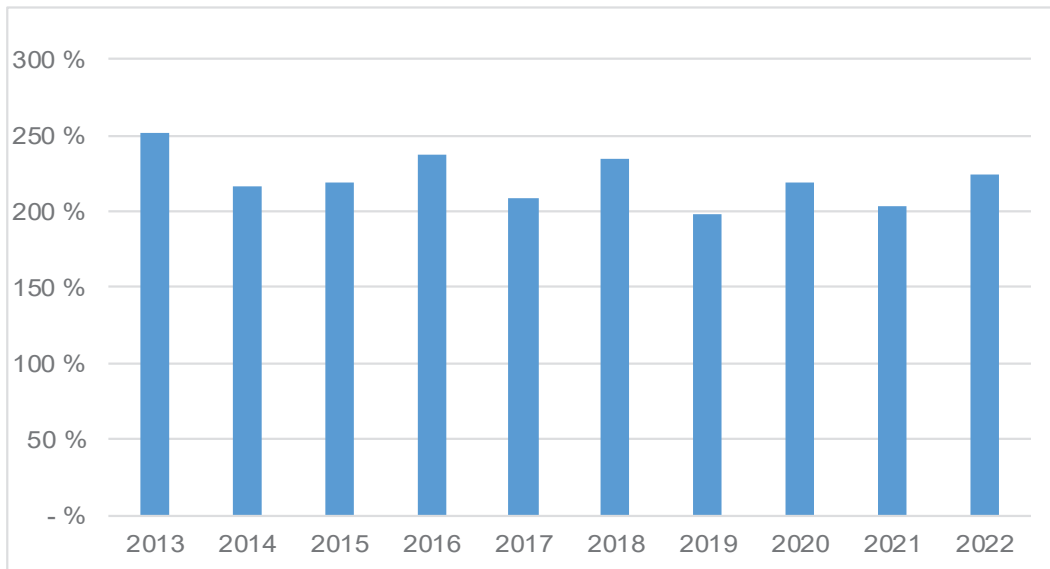
Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT
COMPUTATION OF REVENUE DEBT COVERAGE RATIOS
LAST TEN YEARS**

Year Ended December 31,	Revenue (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirement	Coverage Factor (3)
2022	\$ 33,420,186	\$ 19,037,213	\$ 14,382,973	\$ 6,433,842	224 %
2021	32,680,168	19,837,120	12,843,048	6,317,705	203 %
2020	32,033,303	18,664,238	13,369,065	6,126,800	218 %
2019	29,609,539	18,162,059	11,447,480	5,766,147	199 %
2018	29,632,593	17,742,779	11,889,804	5,061,728	235 %
2017	28,076,853	17,144,669	10,932,184	5,237,679	209 %
2016	25,565,983	15,027,316	10,538,667	4,455,269	237 %
2015	22,528,320	13,143,942	9,384,378	4,291,772	219 %
2014	21,183,645	12,907,745	8,275,900	3,831,897	216 %
2013	18,050,273	10,316,519	6,925,905	2,759,213	251 %

- (1) Includes water and sewer revenues and investment income.
- (2) Excludes depreciation expense and GASB 68 and 75 adjustments.
- (3) Revenue bonds require 115% coverage and Board Policy requires 150% coverage.





**NORTHWESTERN WATER & SEWER DISTRICT
COMPUTATION OF SPECIAL ASSESSMENT
AND RELATED DEBT COVERAGE RATIOS
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Special Assessments Collections</u>	<u>Debt Service Requirement</u>	<u>Coverage Factor</u>
2022	\$ 1,557,605	\$ 1,102,593	141 %
2021	1,817,832	1,187,429	153 %
2020	1,614,798	1,316,517	123 %
2019	1,867,238	1,368,821	136 %
2018	1,778,974	1,364,021	130 %
2017	1,965,378	1,302,274	151 %
2016	1,775,195	1,597,364	111 %
2015	1,877,187	1,771,411	106 %
2014	2,153,096 (a)	1,636,431	132 %
2013	1,666,587	1,644,335	101 %

(a) Midstar paid their remaining assessment of \$348,010 in 2014.



**NORTHWESTERN WATER & SEWER DISTRICT
SEWER DEBT BY TOTAL DEBT SERVICE
YEAR ENDED DECEMBER 31, 2022**

Year Ended December 31,	Revenue Debt			Special Assessment Debt		Totals	Percent of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	Bonds and Notes		
2023	\$ 2,412,806	\$ 13,583	\$ 1,013,514	\$ 268,093	\$ 349,425	\$ 4,057,421	93.71%
2024	2,532,096	13,583	1,013,386	268,093	315,578	4,142,736	87.28%
2025	2,590,193	11,512	887,028	268,093	182,809	3,939,635	81.17%
2026	2,558,930	9,441	835,913	268,093	180,884	3,853,261	75.19%
2027	2,558,930	9,441	840,083	268,093	176,760	3,853,306	69.22%
2028	2,558,930	8,191	836,901	268,093	168,778	3,840,893	63.26%
2029	2,559,030	8,191	555,436	268,093	168,492	3,559,241	57.74%
2030	2,504,676	8,191	552,115	268,093	173,227	3,506,302	52.30%
2031	2,502,571	8,191	515,236	268,093	125,857	3,419,947	46.99%
2032	2,448,101	8,191	457,071	268,093	126,011	3,307,467	41.86%
2033-2037	10,393,613	17,394	2,275,735	725,915	629,164	14,041,821	20.08%
2038-2042	4,228,026	-	2,285,310	-	629,157	7,142,493	9.00%
2043-2047	582,176	-	1,530,903	-	629,063	2,742,142	4.75%
2048-2052	-	-	1,445,126	-	251,604	1,696,730	2.12%
2053-2057	-	-	1,019,977	-	-	1,019,977	0.53%
2058-2062	-	-	344,630	-	-	344,630	0.00%
Totals	\$ 40,430,078	\$ 115,912	\$ 16,408,363	\$ 3,406,840	\$ 4,106,809	\$ 64,468,003	

OWDA - Ohio Water Development Authority

OPWC - Ohio Public Works Commission



**NORTHWESTERN WATER & SEWER DISTRICT
WATER DEBT BY TOTAL DEBT SERVICE
YEAR ENDED DECEMBER 31, 2022**

Year Ended December 31,	Revenue Debt			Special Assessment Debt		Totals	Percent of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	Bonds and Notes			
2023	\$ 2,493,429	\$ 45,068	\$ 825,607	\$ 522,726	\$ 3,886,830	92.49%	
2024	2,448,428	45,068	718,906	515,494	3,727,895	85.29%	
2025	2,403,198	45,068	700,567	391,043	3,539,876	78.45%	
2026	2,399,861	35,362	663,187	355,371	3,453,781	71.78%	
2027	2,399,861	34,904	666,436	311,208	3,412,408	65.19%	
2028	2,399,861	32,360	666,190	161,090	3,259,502	58.90%	
2029	2,399,861	30,274	487,386	160,556	3,078,078	52.95%	
2030	2,399,861	30,274	474,832	178,486	3,083,454	47.00%	
2031	2,378,523	30,274	340,359	-	2,749,156	41.69%	
2032	2,224,767	27,220	199,312	-	2,451,300	36.95%	
2033-2037	9,770,398	120,836	996,465	-	10,887,699	15.92%	
2038-2042	5,575,215	87,918	996,240	-	6,659,372	3.37%	
2043-2047	519,133	45,637	452,251	-	1,017,021	1.41%	
2048-2052	-	17,127	452,218	-	469,345	0.50%	
2053-2057	-	-	258,124	-	258,124	0.00%	
Totals	<u>\$ 39,812,396</u>	<u>\$ 627,391</u>	<u>\$ 8,898,080</u>	<u>\$ 2,595,975</u>	<u>\$ 51,933,841</u>		

OWDA - Ohio Water Development Authority

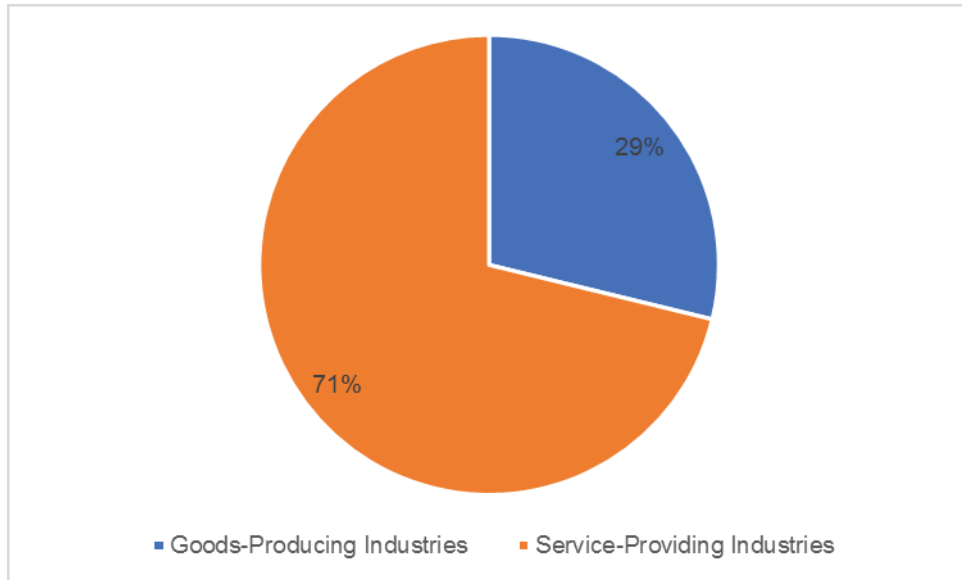
OPWC - Ohio Public Works Commission

CONTINUING DISCLOSURE REQUIREMENTS



**NORTHWESTERN WATER & SEWER DISTRICT
NONAGRICULTURAL EMPLOYMENT
TOLEDO PRIMARY METROPOLITAN STATISTICAL AREA
(INCLUDES WOOD COUNTY)
YEAR ENDED DECEMBER 31, 2022**

	Employment
Goods-Producing Industries	62,400
Natural Resources, Mining, and Construction	14,700
Manufacturing	47,700
Durable Goods	38,100
Transportation Equipment	19,000
Service-Providing Industries	202,900
Trade, Transportation, and Utilities	59,100
Information	3,200
Financial Activities	11,000
Professional and Business Services	34,900
Educational and Health Services	50,500
Leisure and Hospitality	32,800
Other Services	11,400
Government	43,800





**NORTHWESTERN WATER & SEWER DISTRICT
TEN LARGEST EMPLOYERS IN WOOD COUNTY
CURRENT YEAR AND NINE YEARS AGO**

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Amazon	4,500	1	6.98%			
Bowling Green State University	3,055	2	4.74%	2,152	1	4.13%
Fed Ex Ground	2,300	3	3.57%			
Magna International	2,200	4	3.41%	1,700	3	2.74%
First Solar	1,500	5	2.33%	1,200	5	1.90%
Home Depot	1,250	6	1.94%			
Owens Community College	951	7	1.47%	1,872	2	1.16%
Wood County	842	8	1.31%	1,200	4	1.94%
NSG Group	750	9	1.16%	850	7	1.37%
Wood County Hospital	700	10	1.09%	900	6	1.45%
Owens Illinois, Inc				835	8	1.35%
Walgreens				700	9	1.13%
Nippon Sheet Glass				370	10	0.60%
Totals	18,048		27.98%	11,779		19.00%
Total Employment within Wood County	64,500			62,000		

Source: Wood County Economic Development Commission.



**NORTHWESTERN WATER & SEWER DISTRICT
WOOD COUNTY, OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Population (Estimated)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2022	132,472	\$ 7,139,181,024	\$ 53,892	2.6 %
2021	131,113	6,706,036,611	51,147	2.8 %
2020	130,817	6,386,878,391	48,823	4.1 %
2019	130,696	6,233,415,024	47,694	3.4 %
2018	130,492	5,887,310,000	45,093	4.0 %
2017	130,219	5,733,453,000	44,027	4.3 %
2016	129,730	5,536,741,000	42,679	4.2 %
2015	129,590	5,311,375,740	40,986	4.1 %
2014	129,264	5,033,023,104	38,936	4.2 %
2013	128,200	4,940,000,000	38,534	6.3 %

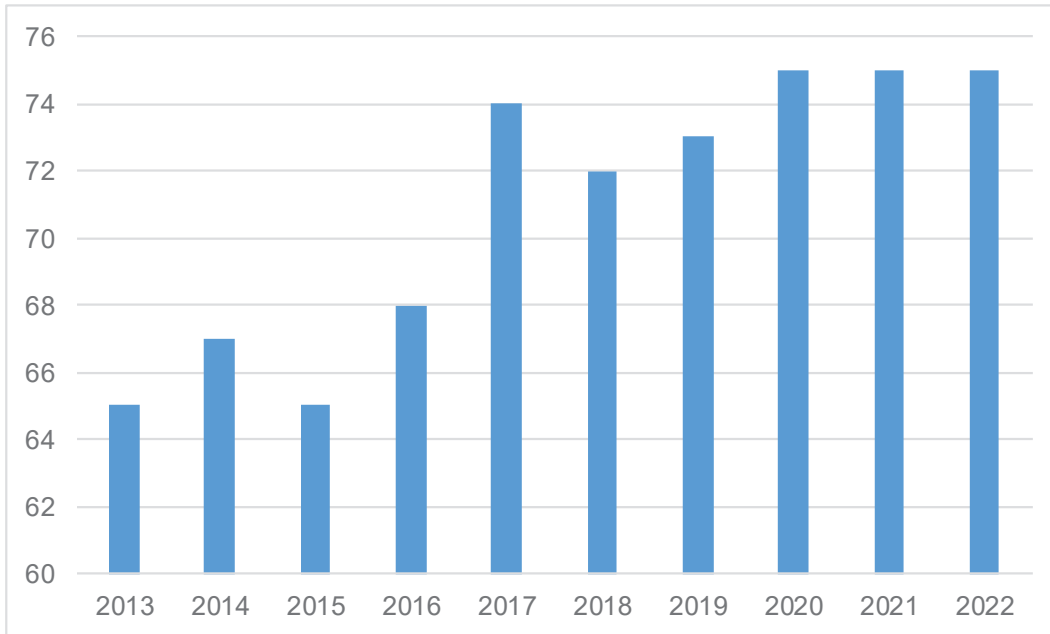
Source: U.S. Census Bureau.
Ohio Department of Job and Family Services.
Bureau of Economic Analysis.



NORTHWESTERN WATER & SEWER DISTRICT NUMBER OF EMPLOYEES BY FUNCTION LAST TEN YEARS

DEPARTMENT	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	3	2	2	2	3	3	3	3	3	3
Finance	3	5	5	5	5	5	5	5	4	4
Customer Service	12	13	12	10	12	11	11	11	12	12
Engineering	12	11	11	14	15	14	14	14	14	15
GIS/IT (1)	3	3	3	3	3	4	4	4	4	4
Operations	32	33	32	34	36	35	36	38	38	37
Total	65	67	65	68	74	72	73	75	75	75

(1) In 2012, GIS/IT staff separated from Engineering.





**NORTHWESTERN WATER & SEWER DISTRICT
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2022**

WATER SYSTEM

Miles of Potable Water Lines	462
Total Water Customers	17,341
Number of Fire Hydrants	4,054
Water Towers	14
Number of WaterShed and Bulk Water Stations	22

SEWER SYSTEM

Miles of Sewer Lines	369
Total Sewer Customers	19,562
Number of Pump Stations	71
Number of Treatment Plants	15
Number of Manholes	5,859

GENERAL INFORMATION

Population Served (Estimated)	48,905
Number of Employees	75

12560 Middleton Pike
Bowling Green, OH 43402
419-354-9090 * 877-354-9090
www.nwwsd.org

**NORTHWESTERN WATER AND
SEWER DISTRICT
WOOD COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

Zupka & Associates
Certified Public Accountants

**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>		
<i>Direct Award</i>		
Water and Waste Disposal Systems for Rural Communities - Loan Program	10.760	\$ 4,397,453
Water and Waste Disposal Systems for Rural Communities - Grant Program	10.760	33,246
<i>Total ALN #10.760</i>		<u>4,430,699</u>
Total U.S. Department of Agriculture		<u>4,430,699</u>
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Award</i>		
<u>Community Development Block Grant/Entitlement Cluster</u>		
Community Development Block Grants/Entitlement Grants	14.218	675,000
<i>Total ALN #14.218</i>		<u>675,000</u>
Total U.S. Department of Housing and Urban Development		<u>675,000</u>
<u>U.S. Department of Defense</u>		
<i>Direct Award</i>		
Ohio Environmental Infrastructure Program	12.XXX	184,335
<i>Total ALN #12.XXX</i>		<u>184,335</u>
Total U.S. Department of Defense		<u>184,335</u>
<u>U.S. Department of the Treasury</u>		
<i>Passed through Wood County</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	95,953
Total U.S. Department of the Treasury		<u>95,953</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 5,385,987</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Northwestern Water and Sewer District, Ohio (the District), under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: U.S. DEPARTMENT OF AGRICULTURE WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES GRANT

The U.S. Department of Agriculture (USDA) has approved \$8,323,000 in loans to the District for the purpose of financing water treatment in Henry County and the Village of McComb. The District has not received any funds for this loan. No payments were made on this loan in 2022.

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

Board of Trustees
Northwestern Water and Sewer District
Bowling Green, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northwestern Water and Sewer District, Wood County, Ohio (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

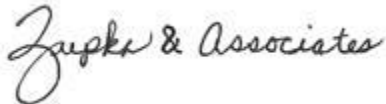
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

June 23, 2023

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Northwestern Water and Sewer District
Bowling Green, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northwestern Water and Sewer District, Wood County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Northwestern Water and Sewer District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Northwestern Water and Sewer District, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Northwestern Water and Sewer District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the Northwestern Water and Sewer District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Northwestern Water and Sewer District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Northwestern Water and Sewer District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Northwestern Water and Sewer District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Northwestern Water and Sewer District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Northwestern Water and Sewer District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

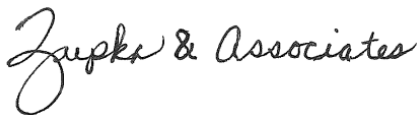
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated June 23, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Zupka & Associates
Certified Public Accountants

June 23, 2023

**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

2022(i)	Type of Financial Statement Opinion	Unmodified
2022(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2022(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2022(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2022(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2022(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2022(v)	Type of Major Programs' Compliance Opinions	Unmodified
2022(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2022(vii)	Major Programs (list): Water and Waste Disposal Systems for Rural Communities - CFDA #10.760	
2022(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2022(ix)	Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The prior audit report, as of December 31, 2021, included no citations or instances of noncompliance.

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OHIO AUDITOR OF STATE KEITH FABER



NORTHWESTERN WATER AND SEWER DISTRICT

WOOD 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 9/19/2023

88 East Broad 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