



Dave Yost • Auditor of State

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northwest Water District
Williams County
16946 County Road 1-50
Edon, Ohio 43518

To the Board of Trustees:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Northwest Water District, Williams County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions

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

As described in Note 1 of the financial statement, the District prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash balances of the Northwest Water District, Williams County, Ohio as of December 31, 2015 and 2014, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Dave Yost
Auditor of State

Columbus, Ohio

December 8, 2016

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Operating Cash Receipts:		
Charges for Services	\$5,784	\$15,496
Rental Income	248	435
Sales	3,057	
Miscellaneous		906
	<u>9,089</u>	<u>16,837</u>
Operating Cash Disbursements:		
Administration	289	122
Audit Expenditures	1,712	1,400
Utilities	7,444	4,261
Repairs and Maintenance	7,556	
Testing and Licenses	162	384
Other Contractual Services	23,400	49,536
Chemicals and Operating Supplies	5,217	1,182
Insurance		5,264
Miscellaneous	109	307
	<u>45,889</u>	<u>62,456</u>
Total Operating Cash Disbursements		
	<u>45,889</u>	<u>62,456</u>
Operating Loss	<u>(36,800)</u>	<u>(45,619)</u>
Non-Operating Cash Receipts:		
Loan Proceeds	35,000	40,000
Proceeds from Legal Settlement	90,305	115,457
	<u>125,305</u>	<u>155,457</u>
Total Non-Operating Cash Receipts		
	<u>125,305</u>	<u>155,457</u>
Non-Operating Cash Disbursements:		
Debt Service	70,305	105,457
	<u>70,305</u>	<u>105,457</u>
Net Cash Receipts Over Cash Disbursements	<u>18,200</u>	<u>4,381</u>
Fund Cash Balance, January 1	<u>6,632</u>	<u>2,251</u>
Fund Cash Balance, December 31	<u>\$24,832</u>	<u>\$6,632</u>

The notes to the financial statement is an integral part of this statement.

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Northwest Water District, Williams County, (the District) as a body corporate and politic. Northwest Township appoints each member to the Board of Trustees to direct the District. There are three Board members. Northwest Township is the only subdivision within the District. The District provides water services within the District.

On December 12, 2013, a management agreement was entered into between the Williams County Commissioners (the County) and the Board of Trustees of the Northwest Water District. The agreement authorized and conveyed all management authority, without transfer of any interest in ownership, to the Commissioners in relation to the operation of the water tower system. The agreement shall expire upon the time when the water tower system becomes profitable and when all debts accruing from the operation of the facility are paid to the Commissioners. The District receives loans from the County's General Fund to pay for operating expenses. For 2015 and 2014, the County loaned \$35,000 and \$40,000 respectively to the District.

The District participates in a risk pool, Public Entities Pool of Ohio (PEP). Note 5 to the financial statement provides additional information for this entity.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

D. Budgetary Process

The Ohio Revised Code requires the Board to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). Unencumbered appropriations lapse at year end.

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Contrary to the Revised Code the District did not use the encumbrance method of accounting.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The District maintains a checking account for a portion of the financial activities. The carrying amount of deposits for this account at December 31, 2015 and 2014 are noted below.

In accordance with the management agreement, the Williams County Treasurer is custodian for the balance of the District's monies at December 31, 2015 and 2014 are noted below. The District's cash and investments are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of deposits and investments at December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	\$14,597	\$1,977
Williams County Treasurer Deposits	<u>10,235</u>	<u>4,655</u>
Total deposits	<u><u>\$24,832</u></u>	<u><u>\$6,632</u></u>

Deposits: Deposits held by the District are insured by the Federal Depository Insurance Corporation

The District's cash and investments being maintained by the County are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Ohio Revised Code prescribes allowable deposits and investments.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

2015 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
	\$134,394	\$134,394

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
	\$116,194	(\$116,194)

2014 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
	\$172,294	\$172,294

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
	\$167,913	(\$167,913)

Contrary to Ohio law, the District did not prepare and approve a budget or set appropriations for 2015 and 2014. Consequently expenditures were made with no corresponding appropriations.

4. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Bonds	\$2,343,488	5%
Loan From Williams County	75,000	
Total	<u>\$2,418,488</u>	

The District borrowed from the Ohio Water Development Authority (O.W.D.A.) to finance the building of a water tower and water lines for a proposed travel plaza near the Ohio Turnpike. The water system was finished in 2009. An agreement was reached in 2011 with Flying J to make the payments for the District until the company builds a complex to utilize the water tower which was built for them.

The District receives advances from the Williams County General Fund to pay for operating expenses. The County expects the District to repay the advances at a future date. There is no timeline for repaying the debt to the County at the present time.

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

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

Year ending December 31:	O.W.D.A. Water Tower Loan
2016	\$102,110
2017	133,915
2018	133,915
2019	133,915
2020	133,915
2021-2025	669,574
2026-2030	669,574
2031-2035	669,574
2036-2040	669,574
2041	66,957
Total	\$3,383,023

5. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>
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At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$0.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$5,264	\$-

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. COMPLIANCE

Contrary to the requirements of Ohio Law, Board Member Cameron Bare received compensation of \$2,500 and \$6,900 in 2014 and 2015, respectively for being employed as the District's water plant operator while serving on the District's Board of Trustees.



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

Northwest Water District
Williams County
16946 County Road 1-50
Edon, Ohio 43518

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balances, receipts, and disbursements of the Northwest Water District, Williams County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statement and have issued our report thereon dated December 8, 2016 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statement. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-003 and 2015-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement

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amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 through 2015-003 and 2015-005.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 8, 2016

**NORTHWEST WATER DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code §5705.41(D)(1) requires part that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund, free from any previous encumbrances, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Board of Trustees may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the transactions tested that were prepared by the District were certified by the Fiscal Officer at the time the commitments were incurred and there was no evidence the District followed the aforementioned exceptions. The Fiscal Officer failed to complete purchase orders for all the District's expenditures. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law but it is a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of the

District's funds being over expended or exceeding budgetary spending limitations as set by the Board of Trustees.

To improve controls over disbursements, we recommend the District's disbursements receive prior certification of the Fiscal Officer and the Board of Trustees periodically review the expenditures made to ensure they are within the appropriations adopted by the Board of Trustees, certified by the Fiscal Officer and recorded against appropriations.

Officials' Response:

District Officials will intend to attach the certificates to its vouchers moving forward into 2017.

FINDING NUMBER 2015-002

Noncompliance Citation

Ohio Rev. Code § 5705.28(B) (2)(a) provides the taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget pursuant to division (A) of this section. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission.

An operating budget serves as a control of expenditures. The Fiscal Officer was not aware that they had to prepare a budget. The District did not prepare an operating budget as mentioned above for 2015 and 2014.

We recommend the Fiscal Officer prepare an operating budget annually prior to July 15th of the preceding years. The Board of Trustees should approve this budget. Then, use estimated receipts in the budget to set its annual appropriation measure keeping in mind appropriations cannot exceed to this amount and the total unencumbered carryover balances.

Officials' Response:

The District Officials will adopt a budget for fiscal 2017.

FINDING NUMBER 2015-003

Noncompliance Citation – Material Weakness

Ohio Rev. Code § 5705.38 requires the passage of an annual appropriations measure. **Ohio Rev. Code § 5705.38(C)** requires appropriation measures to be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

An appropriation measure, when adopted and recorded in the accounting records, serves as the primary control of spending. The Fiscal Officer was not aware that the District had to pass an appropriation measure. The District did not pass appropriations for 2015 and 2014. As result, all expenditures made by the District during 2015 and 2014 were in excess of appropriation which is contrary to **Ohio Rev. Code § 5705.41(B)**.

We recommend the District adopt an appropriation measure for each fiscal year. The appropriations set in this measure should be incorporated into the District's accounting records, normally in the appropriation ledger. Expenditures should then be charged against these appropriations providing the District with a method to which it can monitor and control spending.

Officials' Response:

The District Officials will adopt an appropriation measure for fiscal 2017.

FINDING NUMBER 2015-004

Material Weakness – Support for Expenditures

Several expenditures were made which did not have invoices from vendors. These expenditures totaled \$9,161 in 2014 and \$3,071 in 2015.

Management is responsible for the assertions underlying the information in the District's financial statements. Assertions about classes of transactions for the period of 2014 and 2015 include transactions have recorded have occurred and pertain to the District and have been recorded appropriately. Invoices from vendors are necessary to determine to these assertions.

Invoices should be required as a basis to support all expenditures. The information on the invoice should be sufficient to determine the transaction occurred and pertains to the District and has been recorded appropriately. We recommend the District not issue checks until invoices are received from vendors. Invoices should be marked as paid and filed to check copies.

Officials' Response:

The District Officials are implementing a voucher system which invoices will be attached to the voucher package.

FINDING NUMBER 2015-005

Noncompliance Citation

Ohio Rev. Code §102.03(E) requires that no public official or employee shall solicit or accept "anything of value" that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

"Anything of Value" is defined by Ohio Ethics Commission, Advisory Opinion No. 96-004, to include money which would include payment for employment and any promise of future employment.

Cameron Bare, a member of the District's Board of Trustees, received compensation of \$2,500 in 2014 and \$6,900 in 2015 for being employed as the District's water plant operator while a member of the District's Board of Trustees.

We recommend the District review with their legal counsel whether the positions of water plant operator and a member of the Board of Trustees have any ethical compatibility issues. This matter will be referred to the Ohio Ethics Commission for any action they deem necessary.

Officials' Response:

The District discontinued payments to Mr. Bare as an employee in April 2016.

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Dave Yost • Auditor of State

NORTHWEST WATER DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2016**