

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Trustees  
Northwestern Water and Sewer District  
12560 Middleton Pike  
Bowling Green, Ohio 43402

We have reviewed the *Independent Auditor's Report* of the Northwestern Water and Sewer District, Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 14, 2017

**This page intentionally left blank.**

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

---

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Findings and Questioned Costs	8
Schedule of Prior Audit Findings and Recommendations	9

**This page intentionally left blank.**

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Amount</b>	<b>Loan Amount</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
<i>Direct Award:</i>				
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 237,044	\$ 1,157,326	\$ 1,394,370
<b>Total U.S. Department of Agriculture</b>		<u>237,044</u>	<u>1,157,326</u>	<u>1,394,370</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 237,044</u>	<u>\$ 1,157,326</u>	<u>\$ 1,394,370</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, 2016**

---

---

**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, 2016. 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 assets, 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 has approved a \$1,655,000 loan to the District for the purpose of financing water distribution improvements serving the Village of Bloomdale. This loan has an interest rate of 2.50 percent and matures on September 1, 2055. As of December 31, 2016, the District has received \$1,157,326 of this loan, with the balance to be received in 2017. No payments were made on this loan in 2016.



**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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 David Yost  
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, 2016, and the related notes to the financial statements, which collectively comprise the Northwestern Water and Sewer District, Ohio's basic financial statements and have issued our report thereon dated June 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northwestern Water and Sewer District, Ohio'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 Northwestern Water and Sewer District, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwestern Water and Sewer District, Ohio'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 entity'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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwestern Water and Sewer District, Ohio'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G. Zupka**  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.06.22 16:08:36 -04'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 6, 2017

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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 David Yost  
Auditor of State  
State of Ohio

**Report on Compliance for Each Major Program**

We have audited the Northwestern Water and Sewer District, Wood County, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Northwestern Water and Sewer District, Ohio's major federal program for the year ended December 31, 2016. The Northwestern Water and Sewer District, Ohio's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Northwestern Water and Sewer District, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Northwestern Water and Sewer District, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Northwestern Water and Sewer District, Ohio's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Northwestern Water and Sewer District, Ohio, 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, 2016.

### **Report on Internal Control over Compliance**

Management of the Northwestern Water and Sewer District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Northwestern Water and Sewer District, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northwestern Water and Sewer District, Ohio's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of the Northwestern Water and Sewer District, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Northwestern Water and Sewer District, Ohio's basic financial statements. We issued our report thereon dated June 6, 2017, 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 purposes 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.

The purpose of this report on internal control over compliance is solely to described 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.

**James G. Zupka,**  
**CPA, President**

James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.06.22 16:08:56 -04'00'

June 6, 2017

**This page intentionally left blank.**

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. Summary of Auditor's Results**

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Program's Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list):  Water and Waste Disposal Systems for Rural Communities - CFDA #10.760	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: > All Others
2016 (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.

**This page intentionally left blank.**



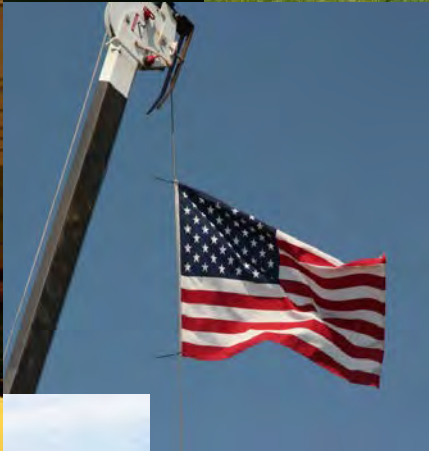
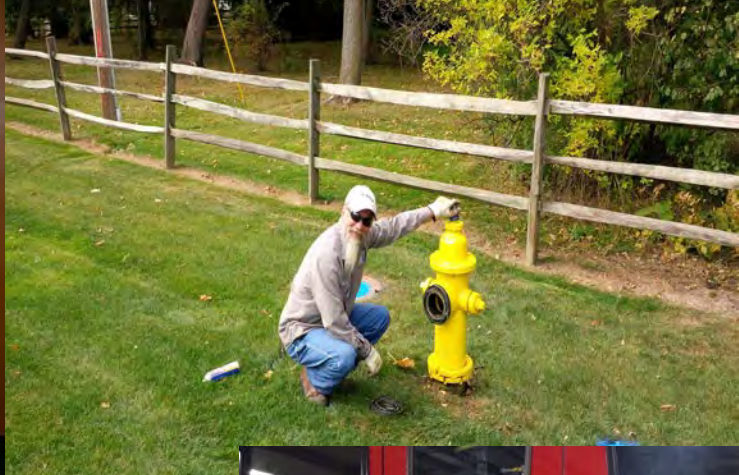
**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2015-001	Expenditures Plus Encumbrances Exceeded Appropriations Plus Prior Year Encumbrances	Corrective Action taken and finding is fully corrected.	None
2015-002	Internal Controls Over Financial Reporting	Corrective Action taken and finding is fully corrected.	None

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

**This page intentionally left blank.**



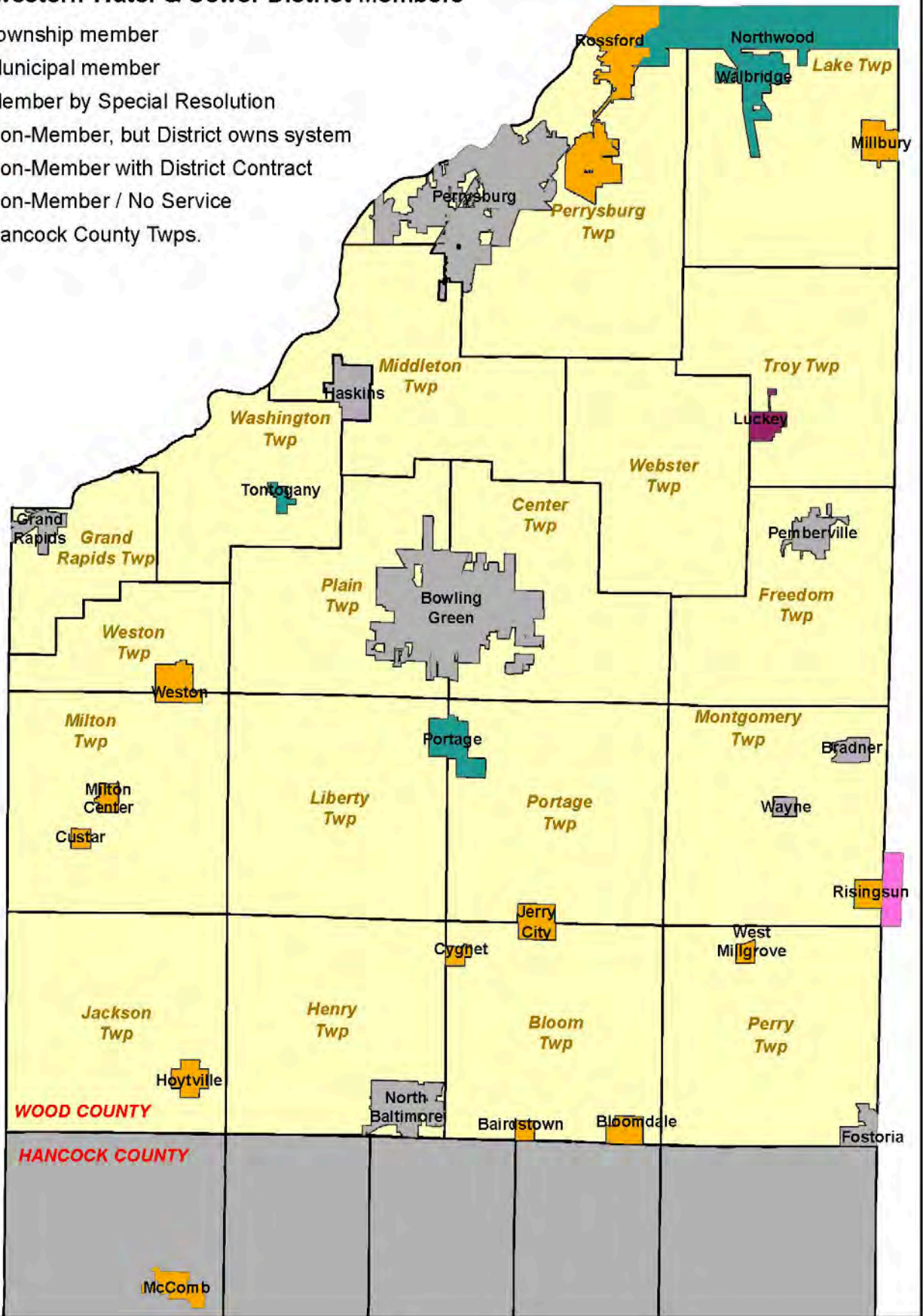
Comprehensive Annual Financial Report  
For the years ended December 31, 2016 and 2015

**NORTHWESTERN WATER & SEWER DISTRICT**

A Political Subdivision of the State of Ohio

# Northwestern Water & Sewer District Members

- Township member
- Municipal member
- Member by Special Resolution
- Non-Member, but District owns system
- Non-Member with District Contract
- Non-Member / No Service
- Hancock County Twps.



**NORTHWESTERN WATER & SEWER DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTION SECTION (UNAUDITED)</b>	
Letter of Transmittal .....	i
2015 Certificate of Achievement for Excellence in Financial Reporting .....	vi
District Officials .....	vii
Organization Chart .....	viii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	F1
Management's Discussion and Analysis (Unaudited).....	F4
Basic Financial Statements:	
Statements of Net Position .....	F10
Statements of Revenues, Expenses, and Changes in Net Position .....	F12
Statements of Cash Flows.....	F13
Notes to Financial Statements.....	F15
Supplementary Information:	
Required Supplementary Information:	
Schedule of the District's Proportionate Share of Net Pension Liability- Ohio Public Employees Retirement System - Traditional Plan.....	F48
Schedule of the District's Contributions – Ohio Public Employees Retirement System - Traditional Plan.....	F49
Other Supplementary Information:	
Schedule of Revenue, Expenses, and Changes in Net Position - Budget to Actual (GAAP Basis) .....	F50
Schedule of Net Position - Information by Division .....	F52
Schedule of Revenues, Expenses, and Changes in Net Position - Information by Division.....	F55
Schedule of Cash Flows - Information by Division .....	F57
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Net Position - Last Ten Years .....	S2
Changes in Net Position - Last Ten Years.....	S3
Sewer Operating Revenues by Source - Last Ten Years.....	S4
Water Operating Revenues by Source - Last Ten Years .....	S5
Sewer Operating Expense by Type - Last Ten Years .....	S6
Water Operating Expense by Type - Last Ten Years .....	S7
Sewer Non-Operating Revenues by Source - Last Ten Years .....	S8
Water Non-Operating Revenues by Source - Last Ten Years.....	S9
Sewer User Rates - Last Ten Years .....	S10
Water User Rates - Last Ten Years.....	S11
Historical Sewer Customers and Sewer Consumption - Last Ten Years .....	S12
Historical Water Customers and Water Consumption - Last Ten Years .....	S13
Ten Largest Sewer Customers .....	S14
Ten Largest Water Customers.....	S15
Ratio of Outstanding Debt by Type.....	S16
Computation of Revenue Debt Coverage Ratios - Last Ten Years .....	S17
Computation of Special Assessment and Related Debt	
Coverage Ratios - Last Ten Years .....	S18
Sewer Debt by Total Debt Service.....	S19
Water Debt by Total Debt Service .....	S20
Continuing Disclosure Requirements:	
Nonagricultural Employment .....	S21
Ten Largest Employers in Wood County.....	S22
Wood County Ohio Demographic and Economic Statistics .....	S23
Number of Employees by Function .....	S24
Demographic Statistics.....	S25



June 6, 2017

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

The Comprehensive Annual Report of the Northwestern Water & Sewer District (the "District") for the year ended December 31, 2016, is hereby submitted. This report follows guidelines set forth by the Governmental 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, 2016 disclosed no material internal control weaknesses or material violations of laws and regulations.

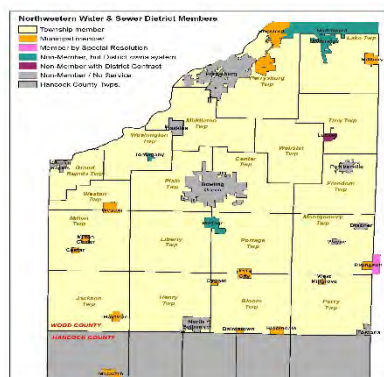
GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to compliment MD&A and should be read in conjunction with it. The District's 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 & 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 13 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 2016 population of the MSA is estimated to be approximately 608,847, of which the County accounted for approximately 129,730 in 2016. 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 2015-16 school year, the university had 19,000 students, 900+ full-time faculty as well as over 2,000 full and part-time administrative and classified staff. In addition to Bowling Green State University, Wood County is home to Owens Community College. For 2016, Owens had a student enrollment of approximately 9,512 in over 140 program areas by a full time faculty of 154. 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 2016 budget. This process will continue in 2017 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 is being 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 net debt outstanding of \$74,271,275. 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 & Sewer District for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2015. This was the thirteenth 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 comprehensive annual 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 comprehensive annual 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 Equalization Basin**

Construction has begun on a 2 million gallon storage basin in the City of Northwood. Under wet weather conditions, heavy storm water infiltration and inflow in the sanitary sewers can cause surcharging and overflows to the area streams. This basin will allow for storage of the wet weather flows until the surcharge abates. The total cost is estimated to be \$6,154,000.

## **Village of McComb**

The Village of McComb, located in Hancock County, joined the District in 2016. This addition brings approximately 600 additional customers, a water treatment plant and a wastewater treatment plant. Major repairs are needed to the water and sewer infrastructure.



### **McComb Wastewater Treatment Plant Replacement**

The existing wastewater treatment plant in McComb is in poor condition and in need of replacement. Ohio EPA is requiring that the plant be replaced with a new plant that meets current discharge standards. Construction is expected to begin in late 2017 with completion in mid-2018. The total cost is estimated to be approximately \$7,000,000.

## **Bairdstown Sanitary Sewer Extension/Bloomdale Wastewater Treatment Plant Improvements**

In response to Findings and Orders from the Ohio EPA, construction of a sanitary sewer collection system was begun in 2016. The community had no centralized sanitary sewer system and the residents relied upon failing septic systems for the treatment of their sanitary waste. The gravity sanitary sewers collect the flow and it is pumped to a new regional treatment plant in the Village of Bloomdale. The existing plant in Bloomdale will be replaced with a new oxidation ditch to treat wastewater from Bairdstown, Bloomdale and surrounding areas. The total cost is estimated to be \$5,822,000. Approximately 60% of the cost is grant funded.

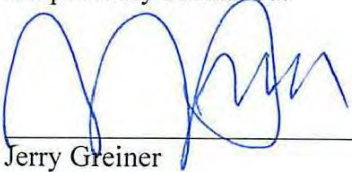
## **INDEPENDENT AUDIT**

Included in this report is an unmodified opinion rendered on the District's financial statements for the year ended December 31, 2016, by James G. Zupka, CPA, Inc., a firm of licensed independent certified public accountants. As part of the preparation of the comprehensive annual 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.

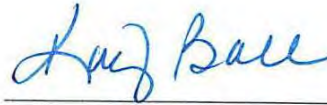
**ACKNOWLEDGEMENTS**

The preparation of this comprehensive annual 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.

A blue ink handwritten signature consisting of several large, overlapping loops and a trailing flourish.

Jerry Greiner  
President

A blue ink handwritten signature in a cursive style, clearly legible as 'Kay Ball'.

Kay Ball  
CFO



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Northwestern Water & Sewer District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

## DISTRICT OFFICIALS

DECEMBER 31, 2016

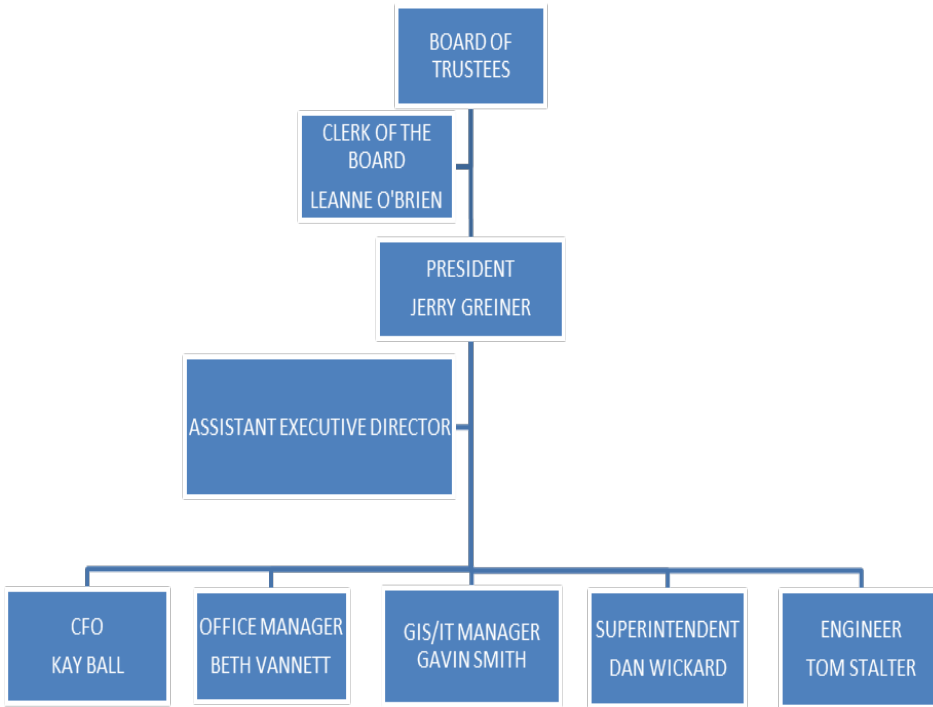
### Board of Trustees

<u>Office</u>	<u>Name</u>	<u>Date Originally Installed</u>	<u>Term Expires</u>
Chairman	Mark Sheffer	10/05/13	12/31/18
Vice Chairman	Steve Arnold	06/19/14	12/31/18
Secretary	John Cheney	7/21/92	12/31/16
Member	Melinda Kale	1/11/07	12/31/17
Member	William Hirzel	1/10/08	12/31/17
Member	Lyle Schulte	1/01/99	12/31/16
Member	Doug Miller	7/23/2015	12/31/18
Member	Bill Verbosky	8/13/2015	12/31/17
Member	Leonard Michaels	1/01/11	12/31/16

### Senior Staff

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

**NORTHWESTERN WATER & SEWER DISTRICT  
ORGANIZATIONAL CHART  
DECEMBER 31, 2016**



**Number of Employees by Department**

Administration	2
Engineering	14
Operations	34
Finance	5
Office	10
GIS	<u>3</u>
<b>Total Employees - December 31, 2016</b>	<b><u>68</u></b>

**This page intentionally left blank.**

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable David Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

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, 2016 and December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

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, 2016 and December 31, 2015, 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwestern Water and Sewer District, Ohio's basic financial statements. The introductory section, the Schedule of Revenue, Expenses, and Changes in Net Position - Budget to Actual (GAAP 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, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The Schedule of Revenue, Expenses, and Changes in Net Position - Budget to Actual (GAAP 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017, on our consideration of the Northwestern Water and Sewer District, Ohio'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 to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion 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 Northwestern Water and Sewer District, Ohio's internal control over reporting and compliance.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 6, 2017

# 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, 2016. 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 \$131,749,566 as of December 31, 2016.
- Net position increased by \$8,946,917 in 2016.
- Of the increase in net position, an increase of \$7,194,864 was attributable to net investment in capital assets. The remaining change of a net increase of \$1,752,053 was attributable to a \$244,754 decrease in restricted net position and \$1,996,807 increase in unrestricted net position.
- Debt increased \$9,816,428. Retirements of debt principal were \$3,848,738 and new issues of debt principal were \$13,665,166.

### 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) and District net position (the difference between assets and liabilities). 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 operating, investing and financing activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

### New GASB 68 reporting

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

## NORTHWESTERN WATER & SEWER DISTRICT

### Management's Discussion and Analysis (Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

**NORTHWESTERN WATER & SEWER DISTRICT**

**Management's Discussion and Analysis  
(Unaudited)**

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at January 1, 2015, from \$120,628,185 to \$117,945,579.

**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, \$114.5 million (86.9%) 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, 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.

**Condensed Statements of Net Position**

**December 31,**

(In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>			
				<u>2016/2015</u>		<u>2015/2014</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
<u>Assets</u>							
Current assets	24,250	\$ 15,697	\$ 15,280	\$ 8,553	54.5%	\$ 417	2.7%
Capital assets, net	185,761	167,269	163,851	18,492	11.1%	3,418	2.1%
Other non-current assets	10,370	10,832	11,655	(462)	-4.3%	(823)	-7.1%
<b>Total assets</b>	<u>220,381</u>	<u>193,798</u>	<u>190,786</u>	<u>26,583</u>	<u>13.7%</u>	<u>3,012</u>	<u>1.6%</u>
Deferred outflows of resources	1,894	744	62	1,150	154.6%	682	1100.0%
<u>Liabilities</u>							
Current liabilities	11,604	7,926	7,834	3,678	46.4%	92	1.2%
Long-term liabilities	74,721	63,755	62,191	10,966	17.2%	1,564	2.5%
<b>Total liabilities</b>	<u>86,325</u>	<u>71,681</u>	<u>70,025</u>	<u>14,644</u>	<u>20.4%</u>	<u>1,656</u>	<u>2.4%</u>
Deferred inflows of resources	4,200	58	195	4,142	7141.4%	(137)	-70.3%
<u>Net Position</u>							
Net investment in capital assets	114,559	107,364	102,403	7,195	6.7%	4,961	4.8%
Restricted	4,706	4,951	4,967	(245)	-4.9%	(16)	-0.3%
Unrestricted	12,485	10,488	13,258	1,997	19.0%	(2,770)	-20.9%
<b>Total net position</b>	<u>\$131,750</u>	<u>\$122,803</u>	<u>\$120,628</u>	<u>\$ 8,947</u>	<u>7.3%</u>	<u>\$ 2,175</u>	<u>1.8%</u>

## NORTHWESTERN WATER & SEWER DISTRICT

### Management's Discussion and Analysis (Unaudited)

Net position increased by \$8,947 thousand during 2016 and by \$2,175 thousand during 2015. The majority of this change was due to the following:

- Capital assets increased by \$25,336,885 offset by related accumulated depreciation increase of \$6,844,572 in 2016 and \$10,033,612 in 2015 offset by related depreciation increased by \$6,615,481 due mainly to construction of water and sewer lines.
- Debt, including current portion of long-term debt increased by \$9,816,428 in 2016 and decreased by \$1,589,279 in 2015 related to borrowing for construction projects.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>			
				<u>2016/2015</u>		<u>2015/2014</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
Utility revenue	\$ 23,942	\$ 21,058	\$ 19,386	\$ 2,884	13.7%	\$ 1,672	8.6%
Fees and permit	529	394	385	135	34.3%	9	2.3%
Contract services	187	196	184	(9)	-4.6%	12	6.5%
Other	396	433	404	(37)	-8.5%	29	7.2%
Non-operating revenue	<u>512</u>	<u>552</u>	<u>489</u>	<u>(40)</u>	<u>-7.2%</u>	<u>63</u>	<u>12.9%</u>
<b>Total revenues</b>	<u>25,566</u>	<u>22,633</u>	<u>20,848</u>	<u>2,933</u>	<u>13.0%</u>	<u>1,785</u>	<u>8.6%</u>
Depreciation and amortization	7,182	6,840	6,389	342	5.0%	451	7.1%
Other operating expense	15,028	13,144	12,908	1,884	14.3%	236	1.8%
Non-operating expense	<u>2,293</u>	<u>2,523</u>	<u>2,640</u>	<u>(230)</u>	<u>-9.1%</u>	<u>(117)</u>	<u>-4.4%</u>
<b>Total expenses</b>	<u>24,503</u>	<u>22,507</u>	<u>21,937</u>	<u>1,996</u>	<u>8.9%</u>	<u>570</u>	<u>2.6%</u>
Net Revenue before aid in construction	1,063	126	(1,089)	937	743.7%	1,215	-111.6%
Aid in construction	<u>7,884</u>	<u>4,731</u>	<u>6,149</u>	<u>3,153</u>	<u>66.6%</u>	<u>(1,418)</u>	<u>-23.1%</u>
<b>Changes in net position</b>	<u>\$ 8,947</u>	<u>\$ 4,857</u>	<u>\$ 5,060</u>	<u>\$ 4,090</u>	<u>84.2%</u>	<u>\$ (203)</u>	<u>-4.0%</u>

Utility revenues increased in 2016 due to rate 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. The Village of McComb joined the District in 2016, resulting in approximately 600 additional customers midyear.

Other Operating Expenses increased in 2016 due to incremental increases to general insurance, small equipment and bad debt write offs.

**NORTHWESTERN WATER & SEWER DISTRICT**

**Management's Discussion and Analysis  
(Unaudited)**

**Capital Assets**

At the end of 2016, the District had \$185,760,978 invested in capital assets net of depreciation. This amount represents a net increase of approximately \$18.4 million, or 11.1% over 2015.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>			
				<u>2016/2015</u>		<u>2015/2014</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
Land and easements	\$ 1,027	\$ 923	\$ 889	\$ 104	11.3%	\$ 34	3.8%
Construction in progress	22,730	8,606	13,861	14,124	164.1%	(5,255)	-37.9%
Water and sewer lines	124,477	122,553	113,545	1,924	1.6%	9,008	7.9%
Buildings, structures and improvements	27,614	25,923	26,689	1,691	6.5%	(766)	-2.9%
Equipment	9,913	9,264	8,867	649	7.0%	397	4.5%
<b>Total</b>	<u>\$185,761</u>	<u>\$167,269</u>	<u>\$163,851</u>	<u>\$ 18,492</u>	<u>11.1%</u>	<u>\$ 3,418</u>	<u>2.1%</u>

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**

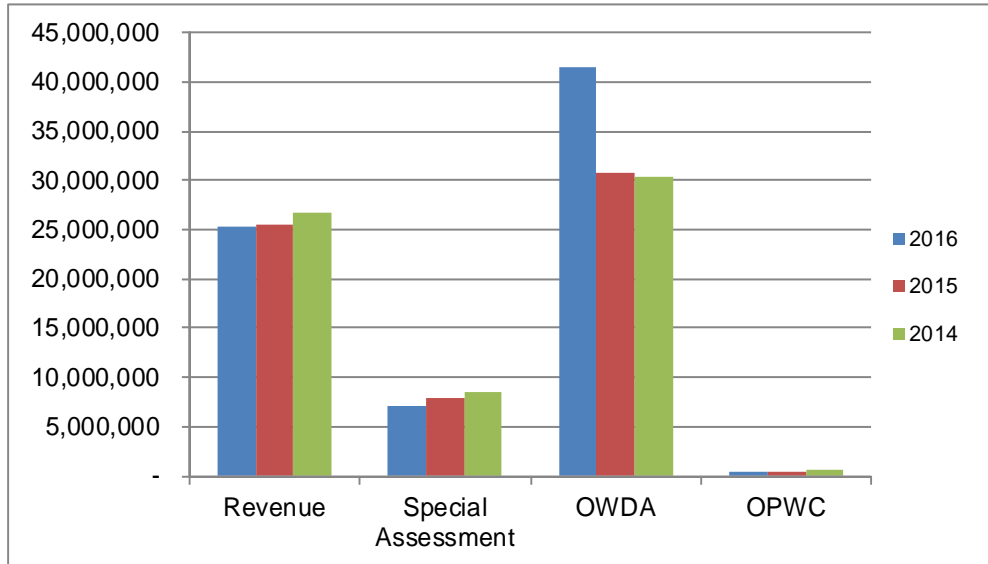
At December 31, 2016, the District had total debt outstanding of \$74,271,275 compared to \$64,454,847 at December 31, 2015. This represents an increase of \$9,816,428. During 2016, the District issued \$13,665,166 of new debt and repaid \$3,848,738 in principal on outstanding debt. At December 31, 2015, the District had total debt outstanding of \$64,454,847 compared to \$66,044,126 at December 31, 2014. This represents a decrease of \$1,589,279. During 2015, the District issued \$4,886,097 of new debt and repaid \$6,475,376 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,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue bonds and notes and capital leases	\$ 25,303,341	\$ 25,427,294	\$ 26,716,413
Special assessment bonds and notes	7,171,609	7,842,898	8,437,403
Ohio Water Development Authority	41,429,066	30,745,939	30,370,395
Ohio Public Works Commission	<u>367,259</u>	<u>438,716</u>	<u>519,915</u>
<b>Total</b>	<u>\$ 74,271,275</u>	<u>\$ 64,454,847</u>	<u>\$ 66,044,126</u>

# NORTHWESTERN WATER & SEWER DISTRICT

## Management's Discussion and Analysis (Unaudited)



**Type of Debt By Year**

### Economic Factors

Based on the District's 2016 budget, sewer rates were increased 11.9% for a customer using 1,000 cubic feet. Water rates were increased 7.7%, effective January 1, 2016 for a customer using 1,000 cubic feet of water. The increases in both water and sewer rates are due in part to the Board of Trustees implementing the policy of including depreciation in rates on a prorated basis over 15 years. The Board has directed that rates be reviewed on an annual basis. The District is subject to the general economic slowdown in housing construction seen across the country.

In 2017, the District expects new residential construction to be slow but does expect to see a slight increase in housing construction as new plats 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, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - unrestricted (Note 3)	\$ 5,511,360	\$ 2,337,669
Cash and cash equivalents - restricted (Note 3)	3,512,664	3,457,905
Investments - unrestricted (Note 3)	4,736,175	3,709,151
Investments - restricted (Note 3)	1,193,389	1,492,902
Accounts receivable - trade	3,323,064	2,828,932
Grants receivable	4,100,206	-
Current portion of special assessments	1,014,976	995,542
Inventory	649,706	680,303
Prepaid expenses	208,609	194,662
Total current assets	<u>24,250,149</u>	<u>15,697,066</u>
<b>NONCURRENT ASSETS</b>		
Capital assets (Note 4):		
Depreciable:		
Sewer and water lines	206,544,036	200,490,108
Buildings, pumps and lift stations	35,885,641	32,598,967
Machinery and equipment	11,737,820	10,983,862
Vehicles	3,545,586	2,820,636
Furniture and fixtures	471,950	463,900
Computer equipment	1,674,351	1,393,792
Improvements - Oregon waste water treatment plant	6,580,004	6,580,004
Total depreciable capital assets	266,439,388	255,331,269
Accumulated depreciation and amortization	(104,435,301)	(97,590,729)
Net depreciable capital assets	<u>162,004,087</u>	<u>157,740,540</u>
Nondepreciable:		
Land	689,608	668,630
Easements	337,208	253,931
Construction in progress	22,730,075	8,605,564
Net capital assets	<u>185,760,978</u>	<u>167,268,665</u>
<b>OTHER ASSETS</b>		
Special assessments, less current portion	10,370,423	10,553,117
Reserve with county commissioners (Note 7)	-	279,171
Total other assets	<u>10,370,423</u>	<u>10,832,288</u>
Total noncurrent assets	<u>196,131,401</u>	<u>178,100,953</u>
Total assets	<u>220,381,550</u>	<u>193,798,019</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on debt refunding	45,843	54,117
Pension	1,848,102	690,814
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 222,275,495</u>	<u>\$ 194,542,950</u>

See accompanying notes to the statements.



**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2016 AND 2015**

**LIABILITIES AND NET POSITION**

	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt (Notes 5 and 6)	\$ 4,372,256	\$ 4,084,681
Current portion of compensated absences payable (Note 9)	224,340	191,687
Accounts payable - trade	4,643,624	1,676,259
Accrued payroll and payroll taxes	307,986	287,969
Accrued interest payable	894,776	861,511
Accounts due others	<u>1,161,835</u>	<u>824,201</u>
Total current liabilities	<u>11,604,817</u>	<u>7,926,308</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion (Notes 5 and 6)	69,899,019	60,370,166
Net pension liability (Note 8)	4,628,455	3,217,689
Compensated absences payable, less current portion (Note 9)	<u>193,910</u>	<u>167,593</u>
Total long-term liabilities	<u>74,721,384</u>	<u>63,755,448</u>
Total liabilities	<u>86,326,201</u>	<u>71,681,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Federal and state grants	4,106,939	-
Pension	<u>92,789</u>	<u>58,545</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 90,525,929</u>	<u>\$ 71,740,301</u>
<b>NET POSITION</b>		
Net investment in capital assets	114,558,778	107,363,914
Restricted for debt service	4,706,053	4,950,807
Unrestricted	<u>12,484,735</u>	<u>10,487,928</u>
<b>TOTAL NET POSITION</b>	<u>\$ 131,749,566</u>	<u>\$ 122,802,649</u>

See accompanying notes to the statements.

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Utility revenue	\$ 23,941,871	\$ 21,057,609
Fees and permits	528,731	394,203
Contract services	187,148	196,328
Other	<u>395,648</u>	<u>432,896</u>
Total operating revenues	<u>25,053,398</u>	<u>22,081,036</u>
<b>OPERATING EXPENSES</b>		
Depreciation and amortization	7,182,233	6,839,965
Labor	3,393,206	3,199,324
Employee benefits	1,792,356	1,323,907
Professional services	1,098,496	1,050,306
Purchased water and sewer treatment	5,980,970	5,242,543
Materials and supplies	1,109,358	919,276
Utilities	640,544	584,387
Rent	4,091	4,461
Other	<u>1,008,295</u>	<u>819,738</u>
Total operating expenses	<u>22,209,549</u>	<u>19,983,907</u>
Operating income	<u>2,843,849</u>	<u>2,097,129</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	512,585	551,843
Interest expense	(2,261,777)	(2,359,235)
Other expense	<u>(31,562)</u>	<u>(163,961)</u>
Total nonoperating revenues (expenses)	(1,780,754)	(1,971,353)
<b>AID IN CONSTRUCTION</b>		
Change in net position	<u>7,883,822</u>	<u>4,731,294</u>
<b>NET POSITION</b>		
Beginning of year (restated for 2015)	<u>122,802,649</u>	<u>117,945,579</u>
End of year	<u>\$ 131,749,566</u>	<u>\$ 122,802,649</u>

See accompanying notes to the statements.

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash received from customers	\$ 24,845,170	\$ 22,215,477
Cash payments to suppliers for goods and services	(6,520,105)	(8,634,448)
Cash payments to employees for services	<u>(4,810,579)</u>	<u>(4,874,685)</u>
Net cash provided by operations	<u>13,514,486</u>	<u>8,706,344</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Aid in construction	6,948,273	2,622,823
Acquisition and construction of capital assets	(25,752,245)	(10,564,669)
Proceeds from sale of capital assets	77,699	306,573
Proceeds from issuance of long-term debt	13,665,166	4,886,097
Repayment of long-term debt	(3,848,738)	(6,475,376)
Collections on special assessments	1,098,809	2,966,148
Interest paid	<u>(2,260,074)</u>	<u>(2,448,439)</u>
Net cash used in capital and related financing activities	<u>(10,071,110)</u>	<u>(8,706,843)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	512,585	551,843
Proceeds on sale of investments	1,019,858	4,846,687
Purchases of investments	<u>(1,747,369)</u>	<u>(4,881,734)</u>
Net cash provided (used) by investing activities	<u>(214,926)</u>	<u>516,796</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,228,450	516,297
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>5,795,574</u>	<u>5,279,277</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 9,024,024</u>	<u>\$ 5,795,574</u>
<b>RESTRICTED CASH AND CASH EQUIVALENTS</b>	<u>\$ 3,512,664</u>	<u>\$ 3,457,905</u>
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<u>\$ 5,511,360</u>	<u>\$ 2,337,669</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Aid in Construction	<u>\$ 7,883,822</u>	<u>\$ 4,731,294</u>
Easements received	<u>\$ 83,277</u>	<u>\$ 33,949</u>

See accompanying notes to the statements.

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating income	\$ 2,843,849	\$ 2,097,129
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	7,182,233	6,839,965
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable - trade	(494,132)	(60,443)
Grant receivable	(4,100,206)	194,884
Inventory	30,597	39,107
Prepaid and other assets	(13,947)	(73,753)
Reserve with County Commissioner	279,171	-
Deferred outflow	(1,149,014)	(215,733)
Accounts payable - trade	2,967,365	69,151
Accrued payroll and payroll taxes	20,017	(49,002)
Accounts due others	337,634	(48,242)
Net pension liability	1,410,766	68,273
Compensated absences payable	58,970	(18,653)
Deferred inflow	<u>4,141,183</u>	<u>(136,339)</u>
Total adjustments	<u>10,670,637</u>	<u>6,609,215</u>
Net cash provided by operations	<u>\$ 13,514,486</u>	<u>\$ 8,706,344</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 waste water to users within and without 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 nine-member Board of Trustees (the "Board"), three appointed by the participating municipalities, three by the participating townships, and three by the County Commissioners. Board members serve staggered terms of six years. The Board controls the employment of the President of the District, who 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, 2016 AND 2015**

**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 changes in net position present 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 and liabilities 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. The District prepares its operating budget on the accrual basis of accounting, the same basis on which its financial statements are prepared.

**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 include 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.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory items are stated at lower of cost or market. Cost is determined 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.

**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 fair 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:

	<b><u>Years</u></b>
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. Interest expense incurred throughout the construction phase of a project is capitalized as part of the cost of the asset under construction to the extent it exceeds interest income on the related invested debt proceeds. The District had minimal capitalized interest for the years ended December 31, 2016 and 2015.

**Investments**

Investments, repurchase agreements and certificates of deposit are stated at fair value.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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, 2016 AND 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Expenses**

Operating revenues and expenses result from supplying water and providing for the collection, treatment and disposal of waste water. 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 non-exchange transactions, government-mandated non-exchange transactions, and voluntary non-exchange 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.

The District's Board of Trustees has designated unrestricted net position of \$4,994,443 and \$4,074,753 as of December 31, 2016 and 2015, respectively, for capital and operating expenditures, 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. Non-direct expenses are generally allocated based upon management's estimate of costs applicable to the respective divisions. Non-direct expenses were allocated to the sewer and water divisions, 48% and 52% in 2016 and in 2015.



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 2 – NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The District has implemented GASB Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. In accordance with the implementation of this standard, the District has classified its investments as Level 1, 2, or 3 to indicate the valuation inputs used to measure the fair value.

The District has implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective for fiscal years beginning after June 15, 2015. This statement establishes the hierarchy of GAAP for state and local governments. The adoption of this statement did not have a material impact on the financial statements.

The District has implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The requirements of this statement are effective for fiscal years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The adoption of this statement did not have a material impact on the financial statements.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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.
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. 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 \$5,946,364 and \$2,729,173 at December 31, 2016 and 2015, respectively. At December 31, 2016, the bank balance of \$7,082,461 was covered by federal depository insurance and \$6,832,461 was covered by collateral held by the pledging financial institution, but not in the name of the District. At December 31, 2015, the bank balance of \$3,599,868 was covered by federal depository insurance and \$3,349,868 was covered by collateral held by the pledging financial institution, but not in the name of the District.

Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which 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.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

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 2016, the District's investment in U.S. Treasury Notes represents 13% of the District's total investments. The District's investment in Fannie Mae represents 18% of the District's total investments in 2016. The District's investment in Freddie Mac represents 15% of the District's total investments in 2016. In 2016, the District's investment in Federal Home Loan Bank Notes represents 8% of the District's total investments. The District's investment in Federal Farm Credit Bank notes represents 4% of the District's total investments in 2016.

As of December 31, 2016, the District has not established a formal policy relating to interest rate risk. The District's investments and cash equivalents consist of the following:

	2016		2015	
	Fair Value	Maturity (Less than 1 Year)	Fair Value	Maturity (Less than 1 Year)
<b><u>Investments</u></b>				
U.S. Treasuries and Federal Agency obligations	\$ 5,908,103	\$ 1,433,771	\$ 5,124,000	\$ -
Money market mutual funds	996,422	996,422	1,053,014	1,053,014
STAR Ohio	<u>2,101,830</u>	<u>2,101,830</u>	<u>2,090,640</u>	<u>2,090,640</u>
<b>Total investments, including restricted</b>	<u>\$ 9,006,355</u>	<u>\$ 4,532,023</u>	<u>\$ 8,267,654</u>	<u>\$ 3,143,654</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Investment (Continued)**

Investments held by the District at December 31, 2016 and 2015 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 deposits were subject to custodial credit risk.

<b><u>Investment type</u></b>	<b>2016</b>		
	<b><u>Fair Value</u></b>	<b><u>Not Rated</u></b>	<b><u>AAA</u></b>
U.S. Treasuries and Federal Agency obligations	\$ 5,908,103	\$ 5,908,103	\$ -
Money market mutual funds	996,422	996,422	-
Star Treasury Reserve of Ohio (STAROhio)	<u>2,101,830</u>	<u>-</u>	<u>2,101,830</u>
<b>Total investments</b>	<b><u>\$ 9,006,355</u></b>	<b><u>\$ 6,904,525</u></b>	<b><u>\$ 2,101,830</u></b>

<b><u>Investment type</u></b>	<b>2015</b>		
	<b><u>Fair Value</u></b>	<b><u>Not Rated</u></b>	<b><u>AAA</u></b>
U.S. Treasuries and Federal Agency obligations	\$ 5,124,000	\$ 5,124,000	\$ -
Money market mutual funds	1,053,014	1,053,014	-
Star Treasury Reserve of Ohio (STAROhio)	<u>2,090,640</u>	<u>-</u>	<u>2,090,640</u>
<b>Total investments</b>	<b><u>\$ 8,267,654</u></b>	<b><u>\$ 6,177,014</u></b>	<b><u>\$ 2,090,640</u></b>

Classification in the statement of net position:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash and cash equivalents:		
Unrestricted	\$ 5,511,360	\$ 2,337,669
Restricted for debt retirement	<u>3,512,664</u>	<u>3,457,905</u>
<b>Total</b>	<b><u>\$ 9,024,024</u></b>	<b><u>\$ 5,795,574</u></b>
Investments:		
Unrestricted	\$ 4,736,175	\$ 3,709,151
Restricted for debt retirement	<u>1,193,389</u>	<u>1,492,902</u>
<b>Total</b>	<b><u>\$ 5,929,564</u></b>	<b><u>\$ 5,202,053</u></b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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; Level 3 inputs are significant unobservable inputs.

As of December 31, 2016 and 2015 the District's investments had the following recurring fair value measurements:

<b><u>Investment type</u></b>	<b>2016</b>			<b><u>Total</u></b>
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	
U.S. Treasuries and Federal Agency obligations	\$ -	\$ 5,908,103	\$ -	\$ 5,908,103
Money market mutual funds	996,422	-	-	996,422
Star Treasury Reserve of Ohio (STAROhio)	<u>2,101,830</u>	<u>-</u>	<u>-</u>	<u>2,101,830</u>
<b>Total</b>	<b><u>\$ 3,098,252</u></b>	<b><u>\$ 5,908,103</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,006,355</u></b>

<b><u>Investment type</u></b>	<b>2015</b>			<b><u>Total</u></b>
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	
U.S. Treasuries and Federal Agency obligations	\$ -	\$ 5,124,000	\$ -	\$ 5,124,000
Money market mutual funds	1,053,014	-	-	1,053,014
Star Treasury Reserve of Ohio (STAROhio)	<u>2,090,640</u>	<u>-</u>	<u>-</u>	<u>2,090,640</u>
<b>Total</b>	<b><u>\$ 3,143,654</u></b>	<b><u>\$ 5,124,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,267,654</u></b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2016 is as follows:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at December 31, 2016</u>
<b>Non-depreciable:</b>					
Land	\$ 668,630	\$ 22,598	\$ (1,620)	\$ -	\$ 689,608
Easements	253,931	83,277	-	-	337,208
Construction in progress	<u>8,605,564</u>	<u>18,238,835</u>	<u>(2,565)</u>	<u>(4,111,759)</u>	<u>22,730,075</u>
Total non-depreciable	<u>9,528,125</u>	<u>18,344,710</u>	<u>(4,185)</u>	<u>(4,111,759)</u>	<u>23,756,891</u>
<b>Depreciable:</b>					
Sewer and water lines	200,490,108	3,346,195	-	2,707,733	206,544,036
Buildings, pumps and lift station	32,598,967	2,246,689	(15,218)	1,055,203	35,885,641
Machinery and equipment	10,983,862	632,853	(227,718)	348,823	11,737,820
Vehicles	2,820,636	957,055	(232,105)	-	3,545,586
Furniture and fixtures	463,900	8,050	-	-	471,950
Computer equipment	1,393,792	299,147	(18,588)	-	1,674,351
Improvements - Oregon waste water treatment plant	<u>6,580,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,580,004</u>
Total depreciable	<u>255,331,269</u>	<u>7,489,989</u>	<u>(493,629)</u>	<u>4,111,759</u>	<u>266,439,388</u>
Totals at historical cost	<u>264,859,394</u>	<u>25,834,699</u>	<u>(497,814)</u>	<u>-</u>	<u>290,196,279</u>
<b>Accumulated depreciation:</b>					
Sewer and water lines	77,936,712	4,129,876	-	-	82,066,588
Buildings, pumps and lift station	10,459,697	1,401,991	(4,248)	-	11,857,440
Machinery and equipment	3,261,531	776,574	(76,309)	-	3,961,796
Vehicles	1,787,148	401,269	(232,104)	-	1,956,313
Furniture and fixtures	309,531	26,369	-	-	335,900
Computer equipment	1,039,772	241,541	(18,588)	-	1,262,725
Improvements - Oregon waste water treatment plant	<u>2,796,338</u>	<u>198,201</u>	<u>-</u>	<u>-</u>	<u>2,994,539</u>
Total accumulated depreciation	<u>97,590,729</u>	<u>7,175,821</u>	<u>(331,249)</u>	<u>-</u>	<u>104,435,301</u>
<b>Capital assets, net</b>	<u>\$ 167,268,665</u>	<u>\$ 18,658,878</u>	<u>\$ (166,565)</u>	<u>\$ -</u>	<u>\$ 185,760,978</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

Capital asset activity for the year ended December 31, 2015 is as follows:

	<u>Balance at December 31, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at December 31, 2015</u>
Non-depreciable:					
Land	\$ 668,630	\$ -	\$ -	\$ -	\$ 668,630
Easements	219,982	33,949	-	-	253,931
Construction in progress	<u>13,861,499</u>	<u>6,018,582</u>	<u>(153,055)</u>	<u>(11,121,462)</u>	<u>8,605,564</u>
Total non-depreciable	<u>14,750,111</u>	<u>6,052,531</u>	<u>(153,055)</u>	<u>(11,121,462)</u>	<u>9,528,125</u>
Depreciable:					
Sewer and water lines	187,356,550	3,509,103	-	9,624,455	200,490,108
Buildings, pumps and lift station	31,873,731	-	(69,948)	795,184	32,598,967
Machinery and equipment	9,986,735	559,182	(210,994)	648,939	10,983,862
Vehicles	2,579,408	350,480	(109,252)	-	2,820,636
Furniture and fixtures	463,900	-	-	-	463,900
Computer equipment	1,235,343	127,322	(21,757)	52,884	1,393,792
Improvements - Oregon waste water treatment plant	<u>6,580,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,580,004</u>
Total depreciable	<u>240,075,671</u>	<u>4,546,087</u>	<u>(411,951)</u>	<u>11,121,462</u>	<u>255,331,269</u>
Totals at historical cost	<u>254,825,782</u>	<u>10,598,618</u>	<u>(565,006)</u>	<u>-</u>	<u>264,859,394</u>
Accumulated depreciation:					
Sewer and water lines	73,811,642	4,125,070	-	-	77,936,712
Buildings, pumps and lift station	9,168,770	1,354,196	(63,269)	-	10,459,697
Machinery and equipment	2,714,371	570,897	(23,737)	-	3,261,531
Vehicles	1,557,887	338,513	(109,252)	-	1,787,148
Furniture and fixtures	282,226	27,305	-	-	309,531
Computer equipment	842,214	219,314	(21,756)	-	1,039,772
Improvements - Oregon waste water treatment plant	<u>2,598,138</u>	<u>198,200</u>	<u>-</u>	<u>-</u>	<u>2,796,338</u>
Total accumulated depreciation	<u>90,975,248</u>	<u>6,833,495</u>	<u>(218,014)</u>	<u>-</u>	<u>97,590,729</u>
<b>Capital assets, net</b>	<u>\$ 163,850,534</u>	<u>\$ 3,765,123</u>	<u>\$ (346,992)</u>	<u>\$ -</u>	<u>\$ 167,268,665</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 – DEBT**

The District has 80 loans with the Ohio Water Development Authority (OWDA) to finance the cost of developing and improving the water and sewer systems. The following table shows remaining principal amounts outstanding on the individual loans as of December 31, 2016 and 2015:

<u>Project Number</u>	<u>Date of Loan</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Payment Date</u>	<u>Amount Outstanding</u>	
					<u>2016</u>	<u>2015</u>
WL #234	07/27/95	\$ 5,496,313	6.36	01/01/16	\$ -	\$ 231,833
WL #167 - 183	05/24/99	3,503,947	5.56	07/01/20	1,036,256	1,261,685
SS #904 & WL #904	08/31/00	1,660,596	3.0	01/01/21	538,091	638,354
WL #300	10/28/04	90,500	4.10	01/01/25	47,499	52,084
WL #318	09/31/04	338,000	4.56	07/01/24	172,266	189,752
SS #1000	11/04/04	168,224	4.56	07/01/24	86,038	94,771
Weston 2918	02/25/93	943,552	2.00	01/01/19	116,617	161,712
Weston 3587	09/26/01	560,079	1.50	07/01/23	215,321	244,283
Weston 4046	02/26/04	420,316	1.50	07/01/25	204,737	225,832
Williamsburg 5097	04/30/09	650,829	3.70	07/01/29	334,563	354,288
Northwood 2069	12/11/97	830,175	5.88	07/01/23	359,941	400,589
Northwood 2070	05/28/98	360,000	5.66	07/01/23	154,019	171,567
Weston 5730	10/27/10	908,842	3.41	01/01/31	629,250	662,312
Custar 4444	01/26/06	782,759	1.50	01/01/37	571,682	595,338
Milton Center 4714	05/31/07	757,375	1.00	07/01/38	577,023	600,362
Metering 5865	05/26/11	1,969,940	4.45	07/01/31	1,557,766	1,629,491
Rossford 2495	10/31/96	2,048,159	4.12	01/01/17	74,135	217,946
Weston 5867	05/26/11	1,389,150	-	01/01/33	1,135,552	1,202,782
Bloomdale 4329 Country Manor SS Force	06/30/05	530,152	2.00	01/01/36	379,297	395,060
Main 6113	12/08/11	27,800	2.30	07/01/17	5,817	11,503
Rossford 6457	05/30/13	454,582	3.44	01/01/44	319,870	317,272
Rossford 6464	05/30/13	1,298,907	2.67	01/01/34	1,100,977	1,152,897
Rossford 6475	06/27/13	2,153,389	2.59	07/01/34	1,995,305	2,081,334
Oregon SS Basin 6539	09/26/13	325,165	3.39	01/01/19	-	50,978
Five Point 6581	10/31/13	1,105,909	2.89	07/01/34	803,844	846,773
Bairdstown 6019	09/28/11	21,000	-	07/01/17	-	7,400
Custar WL 6231	06/28/12	596,739	-	07/01/43	494,053	476,072
Cygnets 6335	12/06/12	751,817	3.19	07/01/43	570,892	569,220
Five Point 6119	10/27/11	10,500	-	07/01/17	-	3,700
Ford Rd 6234	06/28/12	60,000	2.00	07/01/17	29,808	58,826
Homecraft SS Laterals 6309	10/25/12	554,528	2.48	07/01/33	427,476	450,291
Huffman Rd 6118	12/08/11	17,500	-	01/01/19	8,750	12,250
Jennings Rd 6382	01/31/13	767,692	2.94	01/01/44	726,194	743,158
Milton Center 6230	06/28/12	842,856	-	07/01/43	686,360	651,255
Morton Building 6396	02/28/13	381,694	3.09	01/01/43	353,038	361,542
Oregon SS Basin 6233	06/28/12	60,000	2.64	07/01/17	-	24,948
Perrysburg Twp 6260	08/30/12	193,950	3.36	07/01/42	172,484	175,652
Rossford Clearwell 6383	01/31/13	3,777,878	2.94	01/01/44	3,057,361	3,087,520
Rossford Tree St 6232	06/28/12	858,032	2.64	07/01/32	700,447	712,576
Rudolph 6107	12/08/11	10,000	-	01/01/18	3,000	5,000
Rudolph 6169	04/26/12	52,750	3.09	01/01/18	1,642	1,642



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

<b>Project Number</b>	<b>Date of Loan</b>	<b>Original Amount</b>	<b>Interest Rate</b>	<b>Final Payment Date</b>	<b>Amount Outstanding</b>	
					<b>2016</b>	<b>2015</b>
Stony Ridge 6397	02/28/13	\$ 694,644	1.98	01/01/44	\$ 657,969	\$ 672,978
Sugar Ridge 6308	10/25/12	79,275	2.00	01/01/18	(8,056)	7,950
SS100 Master Meter 6500	07/25/13	274,953	2.57	07/01/33	219,235	230,464
Walbridge Laterals 6583	10/31/13	540,638	3.59	07/01/34	433,313	452,875
Rossford Tree Streets PR 6644	12/12/13	509,997	3.37	01/01/35	391,254	409,784
Hillside Dr SS 6676	02/27/14	389,462	3.44	01/01/35	366,391	380,444
Rossford Citywide I & I 6641	12/13/13	460,927	3.37	07/01/34	427,428	444,457
Ampoint SS 6674	02/27/14	1,902,014	3.44	01/01/35	1,773,694	1,842,323
Hufford Rd WL 6742	05/29/14	1,112,050	3.16	01/01/35	973,843	1,015,097
Rossford Colony I & I 6773	06/26/14	1,395,708	3.09	07/01/35	1,331,866	1,284,203
East Broadway WL 6766	06/26/14	714,388	2.59	01/01/35	590,175	618,200
100 Area WL 6741	05/29/14	356,451	3.16	01/01/35	305,760	318,983
Jennings Rd PS 6695	03/27/14	721,878	3.33	01/01/35	651,635	630,926
E Broadway WL 6747	05/29/14	369,454	4.00	01/01/45	107,000	127,615
Bloomdale PS 6930	03/26/15	211,816	2.74	01/01/46	198,374	750
Wise St SS 6893	01/29/15	923,133	3.03	01/01/46	707,031	716,578
WL 200 Study 6926	02/26/15	17,878	-	07/01/20	11,560	238
WL 100 Study 6925	02/26/15	21,071	-	07/01/20	15,867	281
Homecraft SS Laterals 6843	10/30/14	728,574	2.96	07/01/35	536,050	244,883
Pump Station Sewer Imp 6943	03/26/15	369,550	1.80	01/01/36	335,576	164,771
Colony Rd PS Replacement 7007	05/28/15	2,801,424	1.99	01/01/36	2,373,547	43,183
Milbury Area SS Planng 6696	03/27/14	60,000	3.33	01/01/20	-	(5,564)
Water Loss Audit 7087	08/27/15	148,143	-	07/01/21	141,243	1,973
Bays Rd WL 7064	07/01/15	313,001	-	07/01/36	313,621	4,190
BG 2nd WL Connection 7119	09/24/15	487,386	-	07/01/36	488,776	6,507
Rossford 7158	10/29/15	745,156	2.18	07/01/36	551,774	-
2nd Portage WL 7185	12/10/15	426,791	1.64	07/01/36	526,481	-
SS 200 Area I & I 7159	10/29/15	262,721	1.68	07/01/36	157,189	-
Bloomdale Rehab 7063	07/30/15	101,011	1.79	07/01/36	98,921	-
Northern Area 7253	02/25/16	757,780	1.85	01/01/37	720,844	-
Tracy Rd SS 7397	06/30/16	2,844,821	2.18	01/01/37	117,318	-
Hillview Dr 7258	02/25/16	121,186	1.85	01/01/37	109,548	-
WL 300 Area 7337	05/26/16	358,847	1.27	01/01/37	279,715	-
Oregon EQ Basin 7254	02/25/16	6,087,816	1.85	01/01/37	2,745,203	-
Eastwood School 7476	09/29/16	860,359	2.01	07/01/36	746,394	-
Bairdtown WWTP 7468	08/25/16	1,788,861	-	01/01/38	451,030	-
Northwood 7088	08/27/15	237,914	2.32	07/01/36	237,829	-
McComb SS 4235	01/27/05	89,843	4.50	07/01/25	50,309	-
McComb CSO 5067	02/26/09	412,026	-	07/01/29	267,817	-
McComb WWTP 6361	12/06/12	290,600	-	07/01/18	104,609	-
Milbury SS 7540	12/08/16	1,225,129	1.55	07/01/37	43,677	-
McComb WTP 2155	01/28/99	1,210,580	3.5-5.5	07/01/20	335,297	-
McComb WT 6485	06/27/13	994,336	2.00	07/01/35	885,354	-
PPCP WL 7531	12/08/16	217,700	-	01/01/23	2,900	-
Southern Service 7490	09/29/16	474,836	0.76	01/01/37	6,334	-
<b>Total</b>					<b>\$ 41,429,066</b>	<b>\$ 30,745,939</b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

Other long-term loans at December 31, 2016 and 2015 are as follows:

Date of Issue	Purpose	Interest Rate	Maturity Date	Amount Outstanding	
				2016	2015
08/13/98	Jerry City SS #1800 OPWC Loan	-	07/01/19	\$ 75,854	\$ 101,138
09/08/98	Jerry City SS #1800 USDA Loan	4.75	09/08/38	217,900	223,400
12/05/05	Easterly OPWC Loan	-	01/01/17	8,666	25,998
07/31/04	Jerry City WL #CE37F	-	01/01/25	82,501	92,207
11/03/04	Rudolph SS #CE33E	-	07/01/24	33,135	37,276
07/01/07	Village of Custar #CE411	-	01/01/27	13,125	14,375
08/29/11	Huntington Equipment Lease	2.08	08/29/16	-	38,065
06/01/96	OPWC Bloomdale CE827	3.00	01/01/16	-	4,552
07/01/06	OPWC Bloomdale CT17H	-	07/01/26	9,154	10,070
07/01/14	OPWC Rossford Tree St SS Improvements	-	01/01/34	144,824	153,100
12/05/13	Huntington Equipment Lease 2013	2.05	12/05/18	296,365	440,057
<b>Total</b>				<b>\$ 881,524</b>	<b>\$ 1,140,238</b>

Bonded debt at December 31, 2016 and 2015 is as follows:

Date of Issue	Purpose	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	
					2016	2015
09/17/96	Special Assessment Bond	\$ 277,159	6.20	12/01/16	\$ -	\$ 14,000
10/01/98	Special Assessment Bond	360,000	4.25 - 5.25	10/01/18	40,000	60,000
09/23/99	Special Assessment Bond	500,000	5.85	12/01/19	115,000	150,000
09/20/00	Special Assessment Bond	175,000	6.13	12/01/20	40,000	45,000
03/03/16	USDA Bloomdale	1,655,000	2.50	09/01/55	1,157,327	-
03/20/03	USDA Building Construction	2,975,000	4.63	03/20/33	2,149,255	2,231,389
06/28/04	USDA Revenue Bond	796,000	4.38	06/01/44	684,900	697,300
08/01/05	Revenue Bond	1,200,000	3.00 - 5.00	12/01/25	688,725	746,916 *
08/16/06	Special Assessment Bond	1,010,000	4.00 - 4.65	12/31/26	618,128	667,938 *
02/16/06	Rotary Commission Loan	168,026	5.00	03/01/26	125,623	125,622
08/27/08	Revenue Bond	6,910,000	3.00 - 5.00	12/01/28	4,820,000	5,114,999
09/03/08	Special Assessment Bond	2,205,000	3.00	12/01/28	1,593,930	1,691,409 *
05/27/09	USDA Revenue Bond	2,400,000	4.25	05/01/49	2,210,500	2,241,100
06/08/10	2010 Special Assessment	2,350,000	3.50 - 6.28	12/01/30	1,875,001	1,960,001
06/08/10	2010 Revenue Bond	2,350,000	5.00 - 6.23	12/01/30	1,880,001	1,970,001
09/26/12	USDA Cygnet Water	638,879	2.75	06/01/42	580,559	595,746
09/26/12	USDA Cygnet Sewer	967,990	2.75	06/01/42	879,806	902,756
03/23/12	2012 Revenue Bond	3,870,000	2.00 - 4.00	12/01/31	2,638,444	2,878,445 *
03/23/12	2012 Special Assessment	2,880,000	2.00 - 4.00	12/01/24	1,884,551	2,134,550 *
09/26/12	USDA Building Renovation	2,787,892	2.75	06/01/42	2,844,536	2,918,898
06/28/12	USDA West Millgrove	291,385	2.00	06/01/52	587,214	598,249
06/28/12	USDA Hoytville	671,807	2.00	06/01/52	625,986	637,751
01/03/13	USDA Stony Ridge	1,945,000	2.50	01/01/53	1,856,200	1,886,600
02/27/15	2015 Revenue Bond	1,300,000	2.40	12/01/24	1,060,000	1,180,000
02/27/15	2015 Special Assessment	1,240,000	2.40	12/01/24	1,004,999	1,120,000.00
<b>Total</b>					<b>\$ 31,960,685</b>	<b>\$ 32,568,670</b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

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, 2016 and 2015 is as follows:

	2016				
	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2016	Amount Due in 2017
OWDA:					
WL #234	\$ 231,833	\$ -	\$ 231,833	\$ -	\$ -
WL #167 - 183	1,261,685	-	225,429	1,036,256	238,137
SS #904 & WL #904	638,354	-	100,263	538,091	106,773
SS #1000	94,771	-	8,733	86,038	9,136
WL #300	52,084	-	4,585	47,499	4,776
Weston 2918	161,712	-	45,095	116,617	45,997
Weston 3587	244,283	-	28,962	215,321	29,398
Weston 4046	225,832	-	21,095	204,737	21,413
Williamsburg 5097	354,288	-	19,725	334,563	20,461
Custar 4444	595,338	-	23,656	571,682	24,012
Milton Center 4714	600,362	-	23,339	577,023	23,573
Weston Water Tower 5730	662,312	-	33,062	629,250	34,199
Fixed Base Metering 5865	1,629,491	-	71,725	1,557,766	74,723
Rossford 2495	217,946	-	143,811	74,135	74,135
Weston 5867	1,202,782	-	67,230	1,135,552	68,805
SS100 Master Meter 6500	230,464	-	11,229	219,235	10,523
Walbridge Laterals 6583	452,875	-	19,562	433,313	17,688
Tree St Pipe relining 6644	409,784	-	18,530	391,254	15,673
Hillside Dr SS 6676	380,444	-	14,053	366,391	14,459
Rossford I & I 6641	444,457	-	17,029	427,428	17,608
Ampoint SS 6674	1,842,323	-	68,629	1,773,694	70,012
Hufford Rd WL 6742	1,015,097	-	41,254	973,843	39,574
Rossford Colony I & I 6773	1,284,203	47,663	-	1,331,866	52,450
East Broadway WL 6766	618,200	-	28,025	590,175	25,372
100 Area WL 6741	318,983	-	13,223	305,760	12,436
Jennings Rd Ps 6695	630,926	20,709	-	651,635	26,053
E Broadway WL 6747	127,615	-	20,615	107,000	2,100
OPWC - Custar	14,375	-	1,250	13,125	1,250
Jerry City SS #1800 OPWC Loan	101,138	-	25,284	75,854	25,285
Jerry City SS #1800 USDA Loan	223,400	-	5,500	217,900	5,800
Jerry City WL #CE37F (WL 318)	92,207	-	9,706	82,501	9,706
Easterly OPWC Loan	25,998	-	17,332	8,666	8,666
Rudolph SS1000 #CE33E	37,276	-	4,141	33,135	4,142
Bloomdale CW827 OPWC	4,552	-	4,552	-	-
Bloomdale CT17H OPWC	10,070	-	916	9,154	915
Special assessments bond - WL 183C	14,000	-	14,000	-	-
Special assessments bond	60,000	-	20,000	40,000	20,000
Special assessments bond - 1999	150,000	-	35,000	115,000	35,000
Special assessments bond - 2000	45,000	-	5,000	40,000	10,000
USDA building construction	2,231,389	-	82,134	2,149,255	85,932
USDA Revenue Bond - Rudolph Bond	697,300	-	12,400	684,900	12,900

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

	2016				
	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2016	Amount Due in 2017
OWDA Jerry City - WL 318	\$ 189,752	\$ -	\$ 17,486	\$ 172,266	\$ 18,292
Revenue bond - Series 2005A	715,001	-	55,000	660,001	60,000
2006A Special Assessment Bond	670,000	-	50,000	620,000	50,000
Rotary Commission Loan	125,622	-	-	125,622	125,623
2008 Revenue Bond	5,114,999	-	294,999	4,820,000	310,000
2008 Special Assessment Bond	1,660,000	-	95,000	1,565,000	100,000
OWDA Northwood - 2069	400,589	-	40,648	359,941	43,039
OWDA Northwood - 2070	171,567	-	17,548	154,019	18,541
USDA Rising Sun	2,241,100	-	30,600	2,210,500	31,800
2010 Revenue Bonds	1,970,001	-	90,000	1,880,001	90,000
2010 Special Assessment Bonds	1,960,001	-	85,000	1,875,001	90,000
Huntington Equipment Lease	38,065	-	38,065	-	-
USDA Cygnet Water	595,746	-	15,187	580,559	15,577
USDA Cygnet Sewer	902,756	-	22,950	879,806	23,602
OWDA Bloomdale 4329	395,060	-	15,763	379,297	16,080
OWDA Country Manor	11,503	-	5,686	5,817	5,817
USDA Building Renovation	2,918,898	-	74,362	2,844,536	76,352
USDA West Millgrove	598,249	-	11,035	587,214	11,293
USDA Hoytville	637,751	-	11,765	625,986	12,074
Series 2012 Revenue Bonds	2,849,599	-	236,656	2,612,943	225,000
Series 2012 Special assessment bonds	2,038,940	-	215,045	1,823,895	260,000
Series 2015 Revenue Bonds	1,180,000	-	120,000	1,060,000	121,824
Series 2015 Special assessment bonds	1,120,000	-	115,001	1,004,999	115,629
OWDA:					
Rossford 6457	317,272	-	(2,598)	319,870	7,115
Rossford 6464	1,152,897	-	51,920	1,100,977	50,358
Rossford 6475	2,081,334	-	86,029	1,995,305	88,283
Oregon SS Basin 6539	50,978	-	50,978	-	-
Five Point 6581	846,773	-	42,929	803,844	34,992
Bairdstown 6019	7,400	-	7,400	-	-
Custar WL 6231	476,072	17,981	-	494,053	18,298
Cygnet 6335	569,220	-	(1,672)	570,892	13,531
Five Point 6119	3,700	-	3,700	-	-
Ford Rd 6234	58,826	-	29,018	29,808	29,808
Homecraft SS Laterals 6309	450,291	-	22,815	427,476	20,843
Huffman Rd 6118	12,250	-	3,500	8,750	3,500
Jennings Rd 6382	743,158	-	16,964	726,194	17,466
Milton Center 6230	651,255	35,105	-	686,360	25,421
Morton Building 6396	361,542	-	8,504	353,038	8,768
Oregon SS Basin 6233	24,948	-	24,948	-	-
Perrysburg Twp 6260	175,652	-	3,168	172,484	4,238
Rossford Clearwell 6383	3,087,520	-	30,159	3,057,361	73,402
Rossford Tree St 6232	712,576	-	12,129	700,447	37,613
Rudolph 6107	5,000	-	2,000	3,000	2,000
Rudolph 6169	1,642	-	-	1,642	1,642
Stony Ridge 6397	672,978	-	15,009	657,969	15,476
Sugar Ridge 6308	7,950	-	16,006	(8,056)	(8,056)
Bloomdale PS 6930	750	197,624	-	198,374	4,443

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

	2016				
	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2016	Amount Due in 2017
Wise St SS 6893	\$ 716,578	\$ -	\$ 9,547	\$ 707,031	\$ 15,159
WL 200 Study 6926	238	11,322	-	11,560	2,890
WL 100 Study 6925	281	15,586	-	15,867	3,967
Homecraft SS Laterals 6843	244,883	291,167	-	536,050	21,379
Pump Station Sewer Imp 6943	164,771	170,805	-	335,576	14,506
Colony Rd PS Replacement 7007	43,183	2,330,364	-	2,373,547	100,723
Milbury Area SS Plannng 6696	(5,564)	-	(5,564)	-	-
Water Loss Audit 7087	1,973	139,270	-	141,243	28,249
Bays Rd WL 7064	4,190	309,431	-	313,621	13,169
BG 2nd WL Connection 7119	6,507	482,269	-	488,776	20,627
OWDA:					
Rossford 7158	-	551,774	-	551,774	22,279
2nd Portage WL 7185	-	526,481	-	526,481	22,441
SS 200 Area I & I 7159	-	157,189	-	157,189	6,673
Bloomdale Rehab 7063	-	98,921	-	98,921	4,154
Northern Area 7253	-	720,844	-	720,844	14,975
Tracy Rd SS 7397	-	117,318	-	117,318	2,505
Hillview Dr 7258	-	109,548	-	109,548	2,276
WL 300 Area 7337	-	279,715	-	279,715	6,164
Oregon EQ Basin 7254	-	2,745,203	-	2,745,203	57,028
Eastwood School 7476	-	746,394	-	746,394	30,658
Bairdtown WWTP 7468	-	451,030	-	451,030	11,276
Northwood 7088	-	237,829	-	237,829	4,706
McComb SS 4235	-	50,309	-	50,309	4,648
McComb CSO 5067	-	267,817	-	267,817	20,601
McComb WWTP 6361	-	104,609	-	104,609	52,305
Milsbury SS 7540	-	43,677	-	43,677	-
McComb WTP 2155	-	335,297	-	335,297	78,233
McComb WT 6485	-	885,354	-	885,354	38,726
PPCP WL 7531	-	2,900	-	2,900	-
Southern Service 7490	-	6,334	-	6,334	147
OPWC - Rossford Tree St SS					
Improvements	153,100	-	8,276	144,824	8,191
USDA Bloomdale	-	1,157,327	-	1,157,327	17,170
USDA - Stony Ridge	1,886,600	-	30,400	1,856,200	31,000
Equipment Lease - Huntington 2013	440,057	-	143,692	296,365	146,665
Unamortized discount	(8,407)	-	(691)	(7,716)	-
Unamortized premium	194,125	-	44,469	149,656	-
<b>Total</b>	<b>\$ 64,454,847</b>	<b>\$ 13,665,166</b>	<b>\$ 3,848,738</b>	<b>\$ 74,271,275</b>	<b>\$ 4,372,256</b>

\*Includes unamortized discount/premium

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

	2015				
	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Amount Due in 2016
OWDA:					
WL #234	\$ 681,766	\$ -	\$ 449,933	\$ 231,833	\$ 231,833
WL #167 - 183	1,475,084	-	213,399	1,261,685	225,429
SS #904 & WL #904	732,506	-	94,152	638,354	100,264
SS #1000	103,119	-	8,348	94,771	8,733
WL #300	56,488	-	4,404	52,084	4,586
Weston 2918	205,923	-	44,211	161,712	45,095
Weston 3587	272,816	-	28,533	244,283	28,962
Weston 4046	246,614	-	20,782	225,832	21,095
Williamsburg 5097	351,202	3,086	-	354,288	19,724
Custar 4444	618,643	-	23,305	595,338	23,656
Milton Center 4714	623,475	-	23,113	600,362	23,339
Weston Water Tower 5730	694,274	-	31,962	662,312	33,062
Fixed Base Metering 5865	1,679,169	-	49,678	1,629,491	71,505
Rossford 2495	356,010	-	138,064	217,946	143,811
Weston 5867	1,272,240	-	69,458	1,202,782	68,805
SS100 Master Meter	241,411	-	10,947	230,464	10,257
Walbridge Laterals 6583	471,754	-	18,879	452,875	17,070
Tree St Pipe relining 6644	389,953	19,831	-	409,784	15,158
Hillside Dr SS 6676	387,292	-	6,848	380,444	13,974
Rossford I & I 6641	460,927	-	16,470	444,457	17,029
Rossford Colony PS 6449	6,624	-	6,624	-	-
Ampoint SS 6674	1,843,274	-	951	1,842,323	67,664
Rossford Colony PS 6580	40,849	-	40,849	-	-
Hufford Rd WL 6742	985,956	29,141	-	1,015,097	38,353
Rossford Colony I & I 6773	935,964	348,239	-	1,284,203	47,242

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

	2015				
	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Amount Due in 2016
OWDA (Continued):					
East Broadway WL 6766	\$ 568,183	\$ 50,017	\$ -	\$ 618,200	\$ 24,728
100 Area WL 6741	178,177	140,806	-	318,983	12,052
Jennings Rd Ps 6695	328,268	302,658	-	630,926	23,432
E Broadway WL 6747	1,316	126,299	-	127,615	2,365
OPWC - Custar	15,625	-	1,250	14,375	1,250
Jerry City SS #1800 OPWC Loan	126,423	-	25,285	101,138	25,285
Jerry City SS #1800 USDA Loan	228,800	-	5,400	223,400	5,500
Jerry City WL #CE37F (WL 318)	101,913	-	9,706	92,207	9,706
Easterly OPWC Loan	43,331	-	17,333	25,998	17,332
Rudolph SS1000 #CE33E	41,418	-	4,142	37,276	4,142
Bloomdale CW827 OPWC	18,845	-	14,293	4,552	4,552
Bloomdale CT17H OPWC	10,985	-	915	10,070	915
Special assessments bond - WL 183C	28,000	-	14,000	14,000	14,000
Special assessments bond	80,000	-	20,000	60,000	20,000
Special assessments bond - 1999	180,000	-	30,000	150,000	35,000
Special assessments bond - 2000	55,000	-	10,000	45,000	5,000
USDA building construction	2,309,891	-	78,502	2,231,389	82,134
USDA Revenue Bond - Rudolph Bond	709,200	-	11,900	697,300	12,400
Special Assessment Bond - Series 2004B	1,290,000	-	1,290,000	-	-
Revenue Bond - Series 2004A	1,195,000	-	1,195,000	-	-
OWDA Jerry City - WL 318	206,467	-	16,715	189,752	17,486
Revenue bond - Series 2005A	770,001	-	55,000	715,001	55,000
2006A Special Assessment Bond	715,000	-	45,000	670,000	50,000
Rotary Commission Loan	125,622	-	-	125,622	125,622
2008 Revenue Bond	5,400,000	-	285,001	5,114,999	295,000
2008 Special Assessment Bond	1,750,000	-	90,000	1,660,000	95,000
OWDA Northwood - 2069	438,980	-	38,391	400,589	40,649
OWDA Northwood - 2070	188,175	-	16,608	171,567	17,548
USDA Rising Sun	2,270,400	-	29,300	2,241,100	30,600
2010 Revenue Bonds	2,055,001	-	85,000	1,970,001	90,000
2010 Special Assessment Bonds	2,045,001	-	85,000	1,960,001	85,000
Huntington Equipment Lease	94,135	-	56,070	38,065	38,065
USDA Cygnet Water	610,515	-	14,769	595,746	15,173
USDA Cygnet Sewer	925,074	-	22,318	902,756	22,989
OWDA Bloomdale 4329	410,513	-	15,453	395,060	15,763
OWDA Country Manor	17,060	-	5,557	11,503	5,686
USDA Building Renovation	2,991,211	-	72,313	2,918,898	74,309
USDA West Millgrove	609,139	-	10,890	598,249	11,072
USDA Hoytville	649,361	-	11,610	637,751	11,764
Series 2012 Revenue Bonds	3,092,926	-	243,327	2,849,599	240,000
Series 2012 Special assessment bonds	2,301,963	-	263,023	2,038,940	250,000
Series 2015 Revenue Bonds	-	1,300,000	120,000	1,180,000	118,952
Series 2015 Special assessment bonds	-	1,240,000	120,000	1,120,000	112,904
OWDA:					
Rossford 6457	332,298	-	15,026	317,272	6,875
Rossford 6464	1,203,457	-	50,560	1,152,897	49,040
Rossford 6475	2,165,200	-	83,866	2,081,334	86,040
Oregon SS Basin 6539	112,743	-	61,765	50,978	13,958
Five Point 6581	709,155	137,618	-	846,773	34,003
Bairdstown 6019	11,600	-	4,200	7,400	4,200
Custar WL 6231	495,963	-	19,891	476,072	17,195
Cygnet 6335	593,931	-	24,711	569,220	13,109

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - DEBT (CONTINUED)**

	2015				
	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Amount Due in 2016
OWDA (Continued):					
Five Point 6119	\$ 5,300	\$ -	\$ 1,600	\$ 3,700	\$ 2,100
Ford Rd 6234	87,085	-	28,259	58,826	29,022
Homecraft SS Laterals 6309	472,552	-	22,261	450,291	20,336
Huffman Rd 6118	15,750	-	3,500	12,250	3,500
Jennings Rd 6382	759,633	-	16,475	743,158	16,964
Milton Center 6230	679,351	-	28,096	651,255	23,582
Morton Building 6396	369,788	-	8,246	361,542	8,504
Oregon SS Basin 6233	36,940	-	11,992	24,948	12,310
Perrysburg Twp 6260	180,318	-	4,666	175,652	4,099
Rossford Clearwell 6383	3,192,414	-	104,894	3,087,520	71,291
Rossford Tree St 6120	(10,612)	10,612	-	-	-
Rossford Tree St 6232	767,239	-	54,663	712,576	36,639
Rudolph 6107	7,000	-	2,000	5,000	2,000
Rudolph 6169	1,642	-	-	1,642	1,642
Stony Ridge 6397	687,533	-	14,555	672,978	15,008
Sugar Ridge 6308	23,643	-	15,693	7,950	6,721
Bloomdale PS 6930	-	750	-	750	750
Wise St SS 6893	-	716,578	-	716,578	7,410
WL 200 Study 6926	-	238	-	238	238
WL 100 Study 6925	-	281	-	281	281
Homecraft SS Laterals 6843	-	244,883	-	244,883	9,130
Pump Station Sewer Imp 6943	-	164,771	-	164,771	3,441
Colony Rd PS Replacement 7007	-	43,183	-	43,183	884
Milbury Area SS Planng 6696	-	(5,564)	-	(5,564)	(5,564)
Water Loss Audit 7087	-	1,973	-	1,973	1,973
Bays Rd WL 7064	-	4,190	-	4,190	4,190
BG 2nd WL Connection 7119	-	6,507	-	6,507	6,507
OPWC - Rossford Tree St SS					
Improvements	161,375	-	8,275	153,100	8,190
USDA - Stony Ridge	1,916,100	-	29,500	1,886,600	30,400
Equipment Lease - Huntington 2013	580,836	-	140,779	440,057	143,692
Unamortized discount	(25,885)	-	(17,478)	(8,407)	-
Unamortized premium	201,525	-	7,400	194,125	-
<b>Total</b>	<b>\$ 66,044,126</b>	<b>\$ 4,886,097</b>	<b>\$ 6,475,376</b>	<b>\$ 64,454,847</b>	<b>\$ 4,084,681</b>



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 6 - DEBT SERVICE REQUIREMENTS**

The annual principal and interest requirements on all long-term debt outstanding at December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,372,256	\$ 2,277,233	\$ 6,649,489
2018	4,562,009	2,181,345	6,743,354
2019	4,223,484	2,030,355	6,253,839
2020	4,262,343	1,889,146	6,151,489
2021	3,913,352	1,942,414	5,855,766
2022 - 2026	18,421,312	6,810,459	25,231,771
2027 - 2031	16,024,944	3,861,124	19,886,068
2032 - 2036	10,103,940	1,817,170	11,921,110
2037 - 2041	4,212,309	934,267	5,146,576
2042 - 2046	2,523,847	389,373	2,913,220
2047 - 2051	1,099,328	134,003	1,233,331
2052 - 2056	410,211	22,885	433,096
<b>Total</b>	<u>\$ 74,129,335</u>	<u>\$ 24,289,774</u>	<u>\$ 98,419,109</u>

At December 31, 2016 and 2015, the District had \$4,706,053 and \$4,950,807, respectively, in cash and cash equivalents and investments restricted in accordance with loan agreements.

**NOTE 7 - COUNTY DEBT OBLIGATIONS**

During the formation of the District, the County retained \$208,000 to establish a reserve to fund shortfalls in the collection of the above special assessments. 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. During 2016 the \$204,171 was remitted to the District in full as the loans associated with the reserve were paid in full.

The County is also 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.

At December 31, 2016 and 2015, \$1,875,901 and \$1,877,711, respectively, in loans from the Rotary Commission are outstanding. These amounts have not been reflected in the District's financial statements, since the County is ultimately responsible for the payment of this debt. The County retained \$75,000 during the formation of the District to establish a reserve to fund shortfalls in the collection of amounts due. 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 2016 and 2015, or in prior years on this reserve.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS**

**Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability 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 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 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 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 on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

**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, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features, while members (e.g. District employees) may elect the member-directed plan and the combined plan.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

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

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 CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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.

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 percent 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 percent.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

**Funding Policy**

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

	<b>State and Local</b>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The District's contractually required contribution was \$437,313 for 2016 and \$406,028 for 2015. All required contributions have been paid.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability for OPERS for 2016 and 2015 was measured as of December 31, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015 and 2014, respectively, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015 and January 1, 2014 to December 31, 2014, for 2016 and 2015, respectively. The District's proportion of the net pension liability 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, 2016 and 2015:

	<b>2016</b>	
	<b>Traditional</b>	<b>Combined</b>
Proportionate Share of the Net Pension Liability (Asset)	\$ 4,635,516	\$ (7,061)
Proportion of the Net Pension Liability (Asset)	0.026762%	0.014510%
Pension Expense	654,007	3,723
	<b>2015</b>	
	<b>Traditional</b>	<b>Combined</b>
Proportionate Share of the Net Pension Liability (Asset)	\$ 3,223,937	\$ (6,248)
Proportion of the Net Pension Liability (Asset)	0.026730%	0.016227%
Pension Expense	351,991	4,152

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

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

At December 31, 2016 and 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2016</b>	
	<u>Traditional</u>	<u>Combined</u>
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual earnings on pension plan investments	\$ 1,362,552	\$ 3,049
Changes in proportion and differences between District contributions and proportionate share of contributions	44,965	223
District contributions subsequent to the measurement date	430,393	6,920
Total Deferred Outflows of Resources	<u>\$ 1,837,910</u>	<u>\$ 10,192</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	<u>\$ 89,567</u>	<u>\$ 3,222</u>
	<b>2015</b>	
	<u>Traditional</u>	<u>Combined</u>
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual earnings on pension plan investments	\$ 172,020	\$ 381
Changes in proportion and differences between District contributions and proportionate share of contributions	43,954	759
District contributions subsequent to the measurement date	466,308	7,392
Total Deferred Outflows of Resources	<u>\$ 682,282</u>	<u>\$ 8,532</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	<u>\$ 56,639</u>	<u>\$ 1,906</u>

Amounts reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. 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>	<u>Traditional</u>	<u>Combined</u>
2017	\$ 329,487	\$ (102)
2018	329,487	(102)
2019	329,488	(102)
2020	329,488	(103)
2021	-	117
Thereafter	<u>-</u>	<u>342</u>
Total	<u>\$ 1,317,950</u>	<u>\$ 50</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

**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.

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, 2015 and 2014, 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	3.75%	3.75%
Future Salary Increases, including inflation	4.25% - 10.05%	4.25% - 8.05%
COLA or Ad Hoc COLA	3% Simple	3% Simple
Investment Rate of Return	8%	8%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4% in 2015 and 6.95% for 2014.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT 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 table below displays the Board-approved asset allocation policy for 2016 and 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<b>2016</b> Target Allocation For 2015	Weighted Average Long- Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>
<u>Asset Class</u>	<b>2015</b> Target Allocation For 2014	Weighted Average Long- Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

**Discount Rate**

The discount rate used to measure the total pension liability was 8 percent. 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, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

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

The following tables presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	<b>2016</b>		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
	<hr/>	<hr/>	<hr/>
District's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 7,385,509	\$ 4,635,516	\$ 2,315,983
Combined Pension Plan	\$ (145)	\$ (7,061)	\$ (12,624)
	<b>2015</b>		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
	<hr/>	<hr/>	<hr/>
District's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 5,931,120	\$ 3,223,937	\$ 943,836
Combined Pension Plan	\$ 811	\$ (6,248)	\$ (11,846)

**Plan Description**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 and 2014 CAFR for details.



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 8 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)**

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a standalone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015 - 2016, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The District's contributions to OPERS for other post-employment benefits for the years ended December 31, 2016, 2015, and 2014 were \$72,851, \$67,672, and \$66,660, respectively, equal to 100% of the required contributions for each year.

**NOTE 9 – 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.

For both union and non-union employees, these agreements provide for two weeks of paid vacation after one year of service, three weeks after eight years of service, four weeks after 15 years of service, and five weeks after 25 years of service. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

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.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 9 – COMPENSATED ABSENCES (CONTINUED)**

In the event of termination of employment 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, 2016 and 2015 is as follows:

	<u>December 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2016</u>
Sick leave payable	\$ 185,593	\$ 46,523	\$ 19,204	\$ 212,912
Vacation pay	121,270	213,882	196,354	138,798
Compensatory time	<u>52,417</u>	<u>107,472</u>	<u>93,349</u>	<u>66,540</u>
<b>Total</b>	<u>\$ 359,280</u>	<u>\$ 367,877</u>	<u>\$ 308,907</u>	<u>\$ 418,250</u>

	<u>December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2015</u>
Sick leave payable	\$ 195,096	\$ 9,018	\$ 18,521	\$ 185,593
Vacation pay	126,541	202,006	207,277	121,270
Compensatory time	<u>56,296</u>	<u>82,319</u>	<u>86,198</u>	<u>52,417</u>
<b>Total</b>	<u>\$ 377,933</u>	<u>\$ 293,343</u>	<u>\$ 311,996</u>	<u>\$ 359,280</u>

The District estimates \$224,340 of compensated absences will be paid in 2017.

**NOTE 10 – 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 2016 and 2015. There have been no significant reductions in insurance coverage from 2011 and no insurance settlement has exceeded insurance coverage during the last five years.

**NOTE 11 - 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, 2016.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Construction Commitments**

At December 31, 2016, the District has construction commitments, on which work has not commenced, totaling approximately \$11,919,214 which will be funded by existing resources or the issuance of new revenue debt. All projects were current at December 31, 2016.

**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 waste water treatment facilities and collection systems within various areas of the District. At December 31, 2016, there are three such ordered areas with preliminary or updated cost estimates totaling \$5.3 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 \$3,434,673 at December 31, 2016 in potential receivables related to special assessments that have been deferred by the County. The special assessments were deferred on properties, \$1,875,901 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, 2016 AND 2015**

**NOTE 12 - SEGMENT INFORMATION**

Significant financial data for the respective divisions of the December 31, 2016 and 2015 is as follows:

**Statement of Net Position**

	2016			2015		
	Water	Sewer	Total	Water	Sewer	Total
Current assets	\$ 12,053,423	\$ 12,196,726	\$ 24,250,149	\$ 8,076,298	\$ 7,620,768	\$ 15,697,066
Capital assets	81,502,595	104,258,383	185,760,978	74,570,428	92,698,237	167,268,665
Interfund receivable	500,000	-	500,000	1,660,000	-	1,660,000
Other assets	4,790,703	5,579,720	10,370,423	5,324,364	5,507,924	10,832,288
<b>Total assets</b>	<b>98,846,721</b>	<b>122,034,829</b>	<b>220,881,550</b>	<b>89,631,090</b>	<b>105,826,929</b>	<b>195,458,019</b>
Deferred outflows of resources	966,354	927,591	1,893,945	370,977	373,954	744,931
Current liabilities	3,750,112	7,854,705	11,604,817	3,156,453	4,769,855	7,926,308
Interfund payable	-	500,000	500,000	-	1,660,000	1,660,000
Long-term liabilities	33,479,473	41,241,911	74,721,384	29,614,518	34,140,930	63,755,448
<b>Total liabilities</b>	<b>37,229,585</b>	<b>49,596,616</b>	<b>86,826,201</b>	<b>32,770,971</b>	<b>40,570,785</b>	<b>73,341,756</b>
Deferred inflows of resources	644,427	3,555,301	4,199,728	28,101	30,444	58,545
Net investment in capital assets	49,742,103	64,816,675	114,558,778	47,437,704	59,926,210	107,363,914
Restricted	2,677,258	2,028,795	4,706,053	2,961,111	1,989,696	4,950,807
Unrestricted	9,519,702	2,965,033	12,484,735	6,804,180	3,683,748	10,487,928
<b>Total net position</b>	<b>\$ 61,939,063</b>	<b>\$ 69,810,503</b>	<b>\$ 131,749,566</b>	<b>\$ 57,202,995</b>	<b>\$ 65,599,654</b>	<b>\$ 122,802,649</b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 12 - SEGMENT INFORMATION (CONTINUED)**

**Statements of Revenues, Expenses, and Change in Net Position**

	2016			2015		
	Water	Sewer	Total	Water	Sewer	Total
Utility revenues	\$ 14,843,204	\$ 9,098,667	\$ 23,941,871	\$ 12,985,300	\$ 8,072,309	\$ 21,057,609
Other revenues	701,325	410,202	1,111,527	632,732	390,695	1,023,427
Total operating revenues	<u>15,544,529</u>	<u>9,508,869</u>	<u>25,053,398</u>	<u>13,618,032</u>	<u>8,463,004</u>	<u>22,081,036</u>
Depreciation and amortization	3,173,901	4,008,332	7,182,233	3,026,220	3,813,745	6,839,965
Other operating expenses	10,130,584	4,896,732	15,027,316	8,876,810	4,267,132	13,143,942
Total operating expenses	<u>13,304,485</u>	<u>8,905,064</u>	<u>22,209,549</u>	<u>11,903,030</u>	<u>8,080,877</u>	<u>19,983,907</u>
Operating income	<u>2,240,044</u>	<u>603,805</u>	<u>2,843,849</u>	<u>1,715,002</u>	<u>382,127</u>	<u>2,097,129</u>
Interest expense	(1,061,221)	(1,200,556)	(2,261,777)	(1,143,288)	(1,215,947)	(2,359,235)
Other nonoperating revenues	231,724	249,299	481,023	229,001	158,881	387,882
Total non-operating revenues (expenses)	(829,497)	(951,257)	(1,780,754)	(914,287)	(1,057,066)	(1,971,353)
Aid in construction	3,325,521	4,558,301	7,883,822	3,383,262	1,348,032	4,731,294
Change in net position	4,736,068	4,210,849	8,946,917	4,183,977	673,093	4,857,070
Net position:						
Beginning of year	<u>57,202,995</u>	<u>65,599,654</u>	<u>122,802,649</u>	<u>53,019,018</u>	<u>64,926,561</u>	<u>117,945,579</u>
<b>End of year</b>	<u>\$ 61,939,063</u>	<u>\$ 69,810,503</u>	<u>\$ 131,749,566</u>	<u>\$ 57,202,995</u>	<u>\$ 65,599,654</u>	<u>\$ 122,802,649</u>

**Statement of Cash Flows**

	2016			2015		
	Water	Sewer	Total	Water	Sewer	Total
Net cash provided (used) by:						
Operating activities	\$ 6,980,544	\$ 6,533,942	\$ 13,514,486	\$ 3,413,518	\$ 5,292,826	\$ 8,706,344
Capital and related financing activities	(4,212,646)	(5,858,464)	(10,071,110)	(3,115,653)	(5,591,190)	(8,706,843)
Investing activities	(97,027)	(117,899)	(214,926)	293,365	223,431	516,796
Cash and cash equivalents at beginning of year	<u>3,699,426</u>	<u>2,096,148</u>	<u>5,795,574</u>	<u>3,108,196</u>	<u>2,171,081</u>	<u>5,279,277</u>
<b>Cash at end of year</b>	<u>\$ 6,370,297</u>	<u>\$ 2,653,727</u>	<u>\$ 9,024,024</u>	<u>\$ 3,699,426</u>	<u>\$ 2,096,148</u>	<u>\$ 5,795,574</u>

**SUPPLEMENTARY INFORMATION**

**NORTHWESTERN WATER & SEWER DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY-  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN  
 LAST THREE YEARS**

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
District's Proportion of the Net Pension Liability	0.02676%	0.02673%	0.02673%
District's Proportionate Share of the Net Pension Liability	\$ 3,223,937	\$ 3,151,119	\$ 3,223,937
District's Covered-Employee Payroll	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	96.79%	96.17%	97.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

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

Note: 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.

**NORTHWESTERN WATER & SEWER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN  
LAST FOUR YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 430,393	\$ 399,692	\$ 393,213	\$ 398,006
Contributions in Relation to the Contractually Required Contribution	<u>(430,393)</u>	<u>(399,692)</u>	<u>(393,213)</u>	<u>(398,006)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
Contributions as a Percentage of Covered-Employee Payroll	12%	12%	12%	12%

Note: 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.



**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET TO ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>REVENUES</b>				
Operating revenue:				
Utility revenues	\$ 23,156,524	\$ 23,941,869	\$ 23,941,871	\$ 2
Other operating revenues	1,010,000	1,226,536	1,111,527	(115,009)
Non-operating revenue - interest	500,000	523,348	481,023	(42,325)
 Total revenues	 24,666,524	 25,691,753	 25,534,421	 (157,332)
<b>EXPENSES</b>				
Operating expenses:				
Operations and maintenance	15,073,612	15,309,555	15,027,316	(282,239)
Debt retirement	6,208,063	6,144,469	6,110,515	(33,954)
 Total expenses	 21,281,675	 21,454,024	 21,137,831	 (316,193)
 Operating income	 3,384,849	 4,237,729	 4,396,590	 158,861
<b>RECONCILIATION TO CHANGE IN NET POSITION</b>				
Aid on construction:				
Grants and other	1,240,565	7,443,822	7,167,198	(276,624)
System development fees	325,000	325,000	522,869	197,869
Antidegradation credits			400	400
Special assessment principal	2,856,726	2,856,726	193,355	(2,663,371)
 Total aid in construction	 4,422,291	 10,625,548	 7,883,822	 (2,741,726)
 <b>CHANGE IN NET POSITION</b>	 \$ 7,807,140	 \$ 14,863,277	 \$ 12,280,412	 \$ (2,582,865)

**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, 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 2016 financial statements is as follows:

Change in net position	\$ 12,280,412
Depreciation	(7,182,233)
Principal payments on debt	3,848,738
 <b>Change in net position</b>	 \$ 8,946,917

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION  
INFORMATION BY DIVISION  
DECEMBER 31, 2016**

ASSETS	Water	Sewer	Eliminations	Combined
<b>CURRENT ASSETS</b>				
Cash and cash equivalents:				
Unrestricted	\$ 4,886,428	\$ 624,932	\$ -	\$ 5,511,360
Restricted	1,483,869	2,028,795	-	3,512,664
Investments:				
Unrestricted	1,123,312	3,612,863	-	4,736,175
Restricted	1,193,389	-	-	1,193,389
Accounts receivable - trade	1,705,315	1,617,749	-	3,323,064
Grants receivable	598,518	3,501,688	-	4,100,206
Current portion of special assessments	495,073	519,903	-	1,014,976
Inventory	459,499	190,207	-	649,706
Prepaid expenses	108,020	100,589	-	208,609
	<u>12,053,423</u>	<u>12,196,726</u>	<u>-</u>	<u>24,250,149</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Sewer and water lines	85,460,563	121,083,473	-	206,544,036
Buildings, pumps and life stations	17,241,735	18,643,906	-	35,885,641
Machinery and equipment	6,389,139	5,348,681	-	11,737,820
Vehicles	1,330,397	2,215,189	-	3,545,586
Furniture and fixtures	205,532	266,418	-	471,950
Computer equipment	555,934	1,118,417	-	1,674,351
Improvements - Oregon waste water treatment plant	3,394,518	3,185,486	-	6,580,004
	<u>114,577,818</u>	<u>151,861,570</u>	<u>-</u>	<u>266,439,388</u>
Accumulated depreciation	<u>(39,449,192)</u>	<u>(64,986,109)</u>	<u>-</u>	<u>(104,435,301)</u>
	75,128,626	86,875,461	-	162,004,087
Land	236,080	453,528	-	689,608
Easements	81,683	255,525	-	337,208
Construction in process	6,056,206	16,673,869	-	22,730,075
	<u>81,502,595</u>	<u>104,258,383</u>	<u>-</u>	<u>185,760,978</u>
<b>OTHER ASSETS</b>				
Special assessments, less current portion	4,790,703	5,579,720	-	10,370,423
Reserve with county commissioners	-	-	-	-
Miscellaneous	500,000	-	(500,000)	-
	<u>5,290,703</u>	<u>5,579,720</u>	<u>(500,000)</u>	<u>10,370,423</u>
Total noncurrent assets	<u>86,793,298</u>	<u>109,838,103</u>	<u>(500,000)</u>	<u>196,131,401</u>
Total assets	<u>98,846,721</u>	<u>122,034,829</u>	<u>(500,000)</u>	<u>220,381,550</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding	32,974	12,869	-	45,843
Pension	933,380	914,722	-	1,848,102
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>\$ 99,813,075</u>	<u>\$ 122,962,420</u>	<u>\$ (500,000)</u>	<u>\$ 222,275,495</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION (CONTINUED)  
INFORMATION BY DIVISION  
DECEMBER 31, 2016**

LIABILITIES AND NET POSITION	Water	Sewer	Eliminations	Combined
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 2,005,498	\$ 2,366,758	\$ -	\$ 4,372,256
Current portion of compensated absences	116,657	107,683	-	224,340
Accounts payable - trade	992,730	4,150,894	(500,000)	4,643,624
Accrued payroll and payroll taxes	148,113	159,873	-	307,986
Accrued interest payable	356,583	538,193	-	894,776
Amounts due others	130,531	1,031,304	-	1,161,835
Total current liabilities	<u>3,750,112</u>	<u>8,354,705</u>	<u>(500,000)</u>	<u>11,604,817</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, less current portion	31,121,461	38,777,558	-	69,899,019
Net Pension Liability	2,278,089	2,350,366	-	4,628,455
Compensated absences payable	79,923	113,987	-	193,910
Total long-term liabilities	<u>33,479,473</u>	<u>41,241,911</u>	<u>-</u>	<u>74,721,384</u>
Total liabilities	<u>37,229,585</u>	<u>49,596,616</u>	<u>(500,000)</u>	<u>86,326,201</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Federal and state grants	598,518	3,508,421	-	4,106,939
Pension	45,909	46,880	-	92,789
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 37,874,012</u>	<u>\$ 53,151,917</u>	<u>\$ (500,000)</u>	<u>\$ 90,525,929</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 49,742,103	\$ 64,816,675	\$ -	\$ 114,558,778
Restricted	2,677,258	2,028,795	-	4,706,053
Unrestricted	9,519,702	2,965,033	-	12,484,735
<b>TOTAL NET POSITION</b>	<u>\$ 61,939,063</u>	<u>\$ 69,810,503</u>	<u>\$ -</u>	<u>\$ 131,749,566</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION  
INFORMATION BY DIVISION  
DECEMBER 31, 2015**

ASSETS	Water	Sewer	Eliminations	Combined
<b>CURRENT ASSETS</b>				
Cash and cash equivalents:				
Unrestricted	\$ 2,231,217	\$ 106,452	\$ -	\$ 2,337,669
Restricted	1,468,209	1,989,696	-	3,457,905
Investments:				
Unrestricted	464,996	3,244,155	-	3,709,151
Restricted	1,492,902	-	-	1,492,902
Accounts receivable - trade	1,298,838	1,530,094	-	2,828,932
Grants receivable	-	-	-	-
Current portion of special assessments	517,453	478,089	-	995,542
Inventory	504,549	175,754	-	680,303
Prepaid expenses	98,134	96,528	-	194,662
Total current assets	<u>8,076,298</u>	<u>7,620,768</u>	<u>-</u>	<u>15,697,066</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Sewer and water lines	83,425,643	117,064,465	-	200,490,108
Buildings, pumps and life stations	15,266,018	17,332,949	-	32,598,967
Machinery and equipment	5,994,443	4,989,419	-	10,983,862
Vehicles	1,114,077	1,706,559	-	2,820,636
Furniture and fixtures	201,668	262,232	-	463,900
Computer equipment	485,833	907,959	-	1,393,792
Improvements - Oregon waste water treatment plant	3,394,518	3,185,486	-	6,580,004
Total depreciable capital assets	109,882,200	145,449,069	-	255,331,269
Accumulated depreciation	<u>(36,407,751)</u>	<u>(61,182,978)</u>	<u>-</u>	<u>(97,590,729)</u>
Net depreciable capital assets	73,474,449	84,266,091	-	157,740,540
Land	233,777	434,853	-	668,630
Easements	72,852	181,079	-	253,931
Construction in process	789,350	7,816,214	-	8,605,564
Net capital assets	<u>74,570,428</u>	<u>92,698,237</u>	<u>-</u>	<u>167,268,665</u>
<b>OTHER ASSETS</b>				
Special assessments, less current portion	5,291,484	5,261,633	-	10,553,117
Reserve with county commissioners	32,880	246,291	-	279,171
Miscellaneous	1,660,000	-	(1,660,000)	-
Total other assets	<u>6,984,364</u>	<u>5,507,924</u>	<u>(1,660,000)</u>	<u>10,832,288</u>
Total noncurrent assets	<u>81,554,792</u>	<u>98,206,161</u>	<u>(1,660,000)</u>	<u>178,100,953</u>
Total assets	<u>89,631,090</u>	<u>105,826,929</u>	<u>(1,660,000)</u>	<u>193,798,019</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on debt refunding	39,387	14,730	-	54,117
Pension	331,590	359,224	-	690,814
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 90,002,067</u>	<u>\$ 106,200,883</u>	<u>\$ (1,660,000)</u>	<u>\$ 194,542,950</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION (CONTINUED)  
INFORMATION BY DIVISION  
DECEMBER 31, 2015**

LIABILITIES AND NET POSITION	Water	Sewer	Eliminations	Combined
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 1,995,610	\$ 2,089,071	\$ -	\$ 4,084,681
Current portion of compensated absences	90,093	101,594	-	191,687
Accounts payable - trade	571,299	2,764,960	(1,660,000)	1,676,259
Accrued payroll and payroll taxes	138,790	149,179	-	287,969
Accrued interest payable	360,661	500,850	-	861,511
Amounts due others	-	824,201	-	824,201
	<u>3,156,453</u>	<u>6,429,855</u>	<u>(1,660,000)</u>	<u>7,926,308</u>
Total current liabilities				
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, less current portion	27,991,258	32,378,908	-	60,370,166
Net Pension Liability	1,544,491	1,673,198	-	3,217,689
Compensated absences payable	78,769	88,824	-	167,593
	<u>29,614,518</u>	<u>34,140,930</u>	<u>-</u>	<u>63,755,448</u>
Total long-term liabilities				
Total liabilities	<u>32,770,971</u>	<u>40,570,785</u>	<u>(1,660,000)</u>	<u>71,681,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	28,101	30,444	-	58,545
	<u>28,101</u>	<u>30,444</u>	<u>-</u>	<u>58,545</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
	<u>\$ 32,799,072</u>	<u>\$ 40,601,229</u>	<u>\$ (1,660,000)</u>	<u>\$ 71,740,301</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 47,437,704	\$ 59,926,210	\$ -	\$ 107,363,914
Restricted	2,961,111	1,989,696	-	4,950,807
Unrestricted	6,804,180	3,683,748	-	10,487,928
	<u>57,202,995</u>	<u>65,599,654</u>	<u>-</u>	<u>122,802,649</u>
<b>TOTAL NET POSITION</b>				

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2016**

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
<b>OPERATING REVENUES</b>				
Utility revenue	\$ 14,843,204	\$ 9,098,667	\$ -	\$ 23,941,871
Fees and permits	431,663	97,068	-	528,731
Contract services	34,747	152,401	-	187,148
Other operating revenues	<u>234,915</u>	<u>160,733</u>	<u>-</u>	<u>395,648</u>
Total operating revenues	<u>15,544,529</u>	<u>9,508,869</u>	<u>-</u>	<u>25,053,398</u>
<b>OPERATING EXPENSES</b>				
Depreciation and amortization	3,173,901	4,008,332	-	7,182,233
Labor	1,744,097	1,649,109	-	3,393,206
Employee benefits	869,233	923,123	-	1,792,356
Professional services	566,492	532,004	-	1,098,496
Purchased water and sewer treatment	5,678,647	302,323	-	5,980,970
Materials and supplies	534,054	575,304	-	1,109,358
Utilities	288,383	352,161	-	640,544
Rent	1,964	2,127	-	4,091
Other	<u>447,714</u>	<u>560,581</u>	<u>-</u>	<u>1,008,295</u>
Total operating expenses	<u>13,304,485</u>	<u>8,905,064</u>	<u>-</u>	<u>22,209,549</u>
Operating income	<u>2,240,044</u>	<u>603,805</u>	<u>-</u>	<u>2,843,849</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	261,776	250,809	-	512,585
Interest expense	(1,061,221)	(1,200,556)	-	(2,261,777)
Other expense	<u>(30,052)</u>	<u>(1,510)</u>	<u>-</u>	<u>(31,562)</u>
Total nonoperating revenues (expenses)	(829,497)	(951,257)	-	(1,780,754)
<b>AID IN CONSTRUCTION</b>	<u>3,325,521</u>	<u>4,558,301</u>	<u>-</u>	<u>7,883,822</u>
Change in net position	4,736,068	4,210,849	-	8,946,917
<b>NET POSITION</b>				
Beginning of year	<u>57,202,995</u>	<u>65,599,654</u>	<u>-</u>	<u>122,802,649</u>
End of year	<u>\$ 61,939,063</u>	<u>\$ 69,810,503</u>	<u>\$ -</u>	<u>\$ 131,749,566</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2015**

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
<b>OPERATING REVENUES</b>				
Utility revenue	\$ 12,985,300	\$ 8,072,309	\$ -	\$ 21,057,609
Fees and permits	314,355	79,848	-	394,203
Contract services	46,715	149,613	-	196,328
Other operating revenues	<u>271,662</u>	<u>161,234</u>	<u>-</u>	<u>432,896</u>
Total operating revenues	<u>13,618,032</u>	<u>8,463,004</u>	<u>-</u>	<u>22,081,036</u>
<b>OPERATING EXPENSES</b>				
Depreciation and amortization	3,026,220	3,813,745	-	6,839,965
Labor	1,620,057	1,579,267	-	3,199,324
Employee benefits	632,291	691,616	-	1,323,907
Professional services	566,757	483,549	-	1,050,306
Purchased water and sewer treatment	4,998,913	243,630	-	5,242,543
Materials and supplies	386,922	532,354	-	919,276
Utilities	246,532	337,855	-	584,387
Rent	2,141	2,320	-	4,461
Other	<u>423,197</u>	<u>396,541</u>	<u>-</u>	<u>819,738</u>
Total operating expenses	<u>11,903,030</u>	<u>8,080,877</u>	<u>-</u>	<u>19,983,907</u>
Operating income	<u>1,715,002</u>	<u>382,127</u>	<u>-</u>	<u>2,097,129</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	304,456	247,387	-	551,843
Interest expense	(1,143,288)	(1,215,947)	-	(2,359,235)
Other Income (Expense)	<u>(75,455)</u>	<u>(88,506)</u>	<u>-</u>	<u>(163,961)</u>
Total nonoperating revenues (expenses)	(914,287)	(1,057,066)	-	(1,971,353)
<b>AID IN CONSTRUCTION</b>	<u>3,383,262</u>	<u>1,348,032</u>	<u>-</u>	<u>4,731,294</u>
Change in net position	4,183,977	673,093	-	4,857,070
<b>NET POSITION</b>				
Beginning of year (restated)	<u>53,019,018</u>	<u>64,926,561</u>	<u>-</u>	<u>117,945,579</u>
End of year	<u>\$ 57,202,995</u>	<u>\$ 65,599,654</u>	<u>\$ -</u>	<u>\$ 122,802,649</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF CASH FLOWS  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2016**

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 2,240,044	\$ 603,805	\$ -	\$ 2,843,849
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	3,173,901	4,008,332	-	7,182,233
Effects of changes in operating assets and liabilities:				
Accounts receivable - trade	(406,477)	(87,655)	-	(494,132)
Grant receivable	(598,518)	(3,501,688)	-	(4,100,206)
Inventory	45,050	(14,453)	-	30,597
Prepaid and other assets	1,150,114	(4,061)	(1,160,000)	(13,947)
Reserve with County Commissioners	32,880	246,291	-	279,171
Deferred outflows	(595,377)	(553,637)	-	(1,149,014)
Accounts payable - trade	421,431	1,385,934	1,160,000	2,967,365
Accrued payroll and payroll taxes	9,323	10,694	-	20,017
Accounts due to others	130,531	207,103	-	337,634
Net pension liability	733,598	677,168	-	1,410,766
Compensated absences payable	27,718	31,252	-	58,970
Deferred inflows	616,326	3,524,857	-	4,141,183
Net cash provided by operating activities	<u>6,980,544</u>	<u>6,533,942</u>	<u>-</u>	<u>13,514,486</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	261,776	250,809	-	512,585
Proceeds on sale of investments	422,792	597,066	-	1,019,858
Purchases of investments	<u>(781,595)</u>	<u>(965,774)</u>	<u>-</u>	<u>(1,747,369)</u>
Net cash used in investing activities	<u>(97,027)</u>	<u>(117,899)</u>	<u>-</u>	<u>(214,926)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Aid in construction	3,325,521	4,558,301	-	7,883,822
Acquisition and construction of capital assets	(10,165,271)	(15,586,974)	-	(25,752,245)
Proceeds from sale of assets	59,203	18,496	-	77,699
Proceeds from issuance of long-term debt	4,992,634	8,672,532	-	13,665,166
Repayment of long-term debt	(1,852,543)	(1,996,195)	-	(3,848,738)
Collections on special assessments	610,160	488,649	-	1,098,809
Assessed special assessments	(86,999)	(848,550)	-	(935,549)
Interest paid	<u>(1,095,351)</u>	<u>(1,164,723)</u>	<u>-</u>	<u>(2,260,074)</u>
Net cash used in financing activities	<u>(4,212,646)</u>	<u>(5,858,464)</u>	<u>-</u>	<u>(10,071,110)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,670,871	557,579	-	3,228,450
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>3,699,426</u>	<u>2,096,148</u>	<u>-</u>	<u>5,795,574</u>
End of year	<u>\$ 6,370,297</u>	<u>\$ 2,653,727</u>	<u>\$ -</u>	<u>\$ 9,024,024</u>



**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF CASH FLOWS  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2015**

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 1,715,002	\$ 382,127	\$ -	\$ 2,097,129
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	3,026,220	3,813,745	-	6,839,965
Effects of changes in operating assets and liabilities:				
Accounts receivable - trade	(71,489)	11,046	-	(60,443)
Grant receivable	143,125	51,759	-	194,884
Inventory	30,264	8,843	-	39,107
Prepaid and other assets	(900,098)	(33,655)	860,000	(73,753)
Deferrd outflows	(101,110)	(114,623)	-	(215,733)
Accounts payable - trade	(252,269)	1,181,420	(860,000)	69,151
Accrued payroll and payroll taxes	(22,455)	(26,547)	-	(49,002)
Accounts due to others	(62,652)	14,410	-	(48,242)
Net pension liability	32,771	35,502	-	68,273
Compensated absences payable	(8,767)	(9,886)	-	(18,653)
Deferred inflows	(115,024)	(21,315)	-	(136,339)
Net cash provided by operating activities	<u>3,413,518</u>	<u>5,292,826</u>	<u>-</u>	<u>8,706,344</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	304,456	247,387	-	551,843
Proceeds on sale of investments	1,260,363	3,586,324	-	4,846,687
Purchases of investments	<u>(1,271,454)</u>	<u>(3,610,280)</u>	<u>-</u>	<u>(4,881,734)</u>
Net cash provided by investing activities	<u>293,365</u>	<u>223,431</u>	<u>-</u>	<u>516,796</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Aid in construction	3,383,262	1,348,032	-	4,731,294
Acquisition and construction of capital assets	(4,058,901)	(6,505,768)	-	(10,564,669)
Proceeds from sale of assets	43,510	263,063	-	306,573
Proceeds from issuance of long-term debt	1,240,192	3,645,905	-	4,886,097
Repayment of long-term debt	(2,882,958)	(3,592,418)	-	(6,475,376)
Collections on special assessments	2,247,188	718,960	-	2,966,148
Assessed special assessments	(1,863,203)	(245,268)	-	(2,108,471)
Interest paid	<u>(1,224,743)</u>	<u>(1,223,696)</u>	<u>-</u>	<u>(2,448,439)</u>
Net cash used in financing activities	<u>(3,115,653)</u>	<u>(5,591,190)</u>	<u>-</u>	<u>(8,706,843)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	591,230	(74,933)	-	516,297
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>3,108,196</u>	<u>2,171,081</u>	<u>-</u>	<u>5,279,277</u>
End of year	<u>\$ 3,699,426</u>	<u>\$ 2,096,148</u>	<u>\$ -</u>	<u>\$ 5,795,574</u>

**This page intentionally left blank.**



## NORTHWESTERN WATER & SEWER DISTRICT STATISTICAL SCHEDULES

This part of Northwestern Water & Sewer District's 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.

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time	<b>S2</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its water and sewer sales	<b>S10</b>
<b>Debt Capacity</b> 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	<b>S16</b>
<b>Demographic and Economic Information</b> 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	<b>S21</b>
<b>Operating Information</b> 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	<b>S24</b>
<b>Sources</b> Unless stated otherwise, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	



**NORTHWESTERN WATER & SEWER DISTRICT**  
**NET POSITION**  
**LAST TEN YEARS**  
(amounts expressed in thousands)

---

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net investment in capital assets	\$ 114,559	\$ 107,364	\$ 102,403	\$ 101,502	\$ 97,598	\$ 88,455	\$ 81,477	\$ 73,573	\$ 73,491	\$ 74,830
Restricted	4,706	4,951	4,967	4,812	4,820	4,853	5,133	9,145	5,001	6,486
Unrestricted	<u>12,485</u>	<u>10,488</u>	<u>13,258</u>	<u>9,254</u>	<u>9,141</u>	<u>13,455</u>	<u>12,248</u>	<u>10,073</u>	<u>14,124</u>	<u>8,823</u>
<b>Total net position</b>	<u>\$ 131,750</u>	<u>\$ 122,803</u>	<u>\$ 120,628</u>	<u>\$ 115,568</u>	<u>\$ 111,559</u>	<u>\$ 106,763</u>	<u>\$ 98,858</u>	<u>\$ 92,791</u>	<u>\$ 92,616</u>	<u>\$ 90,139</u>

Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
(amounts expressed in thousands)

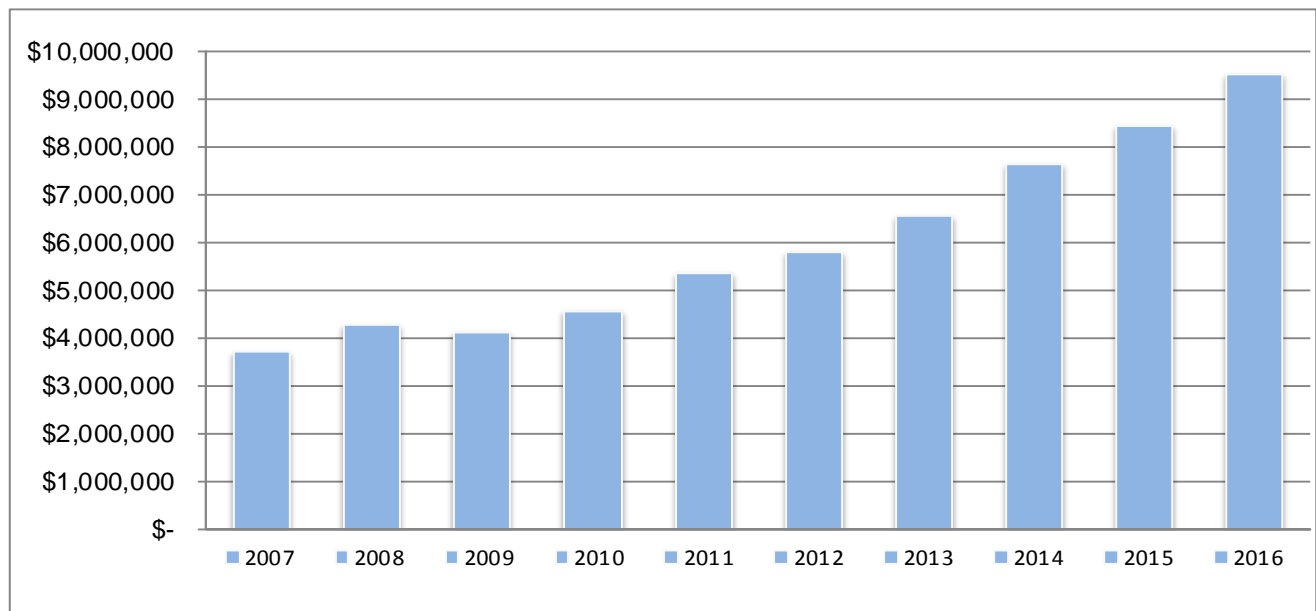
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenue	\$ 25,053	\$ 22,081	\$ 20,359	\$ 17,226	\$ 16,050	\$ 13,806	\$ 10,160	\$ 9,197	\$ 8,586	\$ 7,415
Operating expenses	<u>22,210</u>	<u>19,984</u>	<u>19,297</u>	<u>17,429</u>	<u>15,414</u>	<u>13,549</u>	<u>10,507</u>	<u>10,278</u>	<u>10,221</u>	<u>9,373</u>
Total net revenue (expense)	<u>2,843</u>	<u>2,097</u>	<u>1,062</u>	<u>(203)</u>	<u>636</u>	<u>257</u>	<u>(347)</u>	<u>(1,081)</u>	<u>(1,635)</u>	<u>(1,958)</u>
<b>Other Changes in Net Position</b>										
Nonoperating revenues (expenses)	(1,781)	(1,971)	(2,151)	(1,486)	(1,564)	(1,344)	(1,212)	(1,164)	(530)	(132)
Aid in construction	<u>7,885</u>	<u>4,731</u>	<u>6,149</u>	<u>5,698</u>	<u>5,724</u>	<u>9,742</u>	<u>7,626</u>	<u>2,420</u>	<u>4,642</u>	<u>2,586</u>
Total other changes in net position	<u>6,104</u>	<u>2,760</u>	<u>3,998</u>	<u>4,212</u>	<u>4,160</u>	<u>8,398</u>	<u>6,414</u>	<u>1,256</u>	<u>4,112</u>	<u>2,454</u>
<b>Change in net position</b>	<u>\$ 8,947</u>	<u>\$ 4,857</u>	<u>\$ 5,060</u>	<u>\$ 4,009</u>	<u>\$ 4,796</u>	<u>\$ 8,655</u>	<u>\$ 6,067</u>	<u>\$ 175</u>	<u>\$ 2,477</u>	<u>\$ 496</u>

Source: District accounting records



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

Fiscal Year	Waste Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
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	13.2%
2012	5,420,599	52,910	164,164	155,358	5,793,031	8.3%
2011	5,051,649	48,448	130,632	119,046	5,349,775	16.7%
2010	4,147,811	64,867	274,118	96,794	4,583,590	11.0%
2009	3,834,605	42,028	165,295	85,910	4,127,838	-3.6%
2008	3,978,236	64,205	152,793	88,900	4,284,134	-14.5%
2007	3,442,820	86,735	139,618	73,201	3,742,374	12.6%



Source: District accounting records.

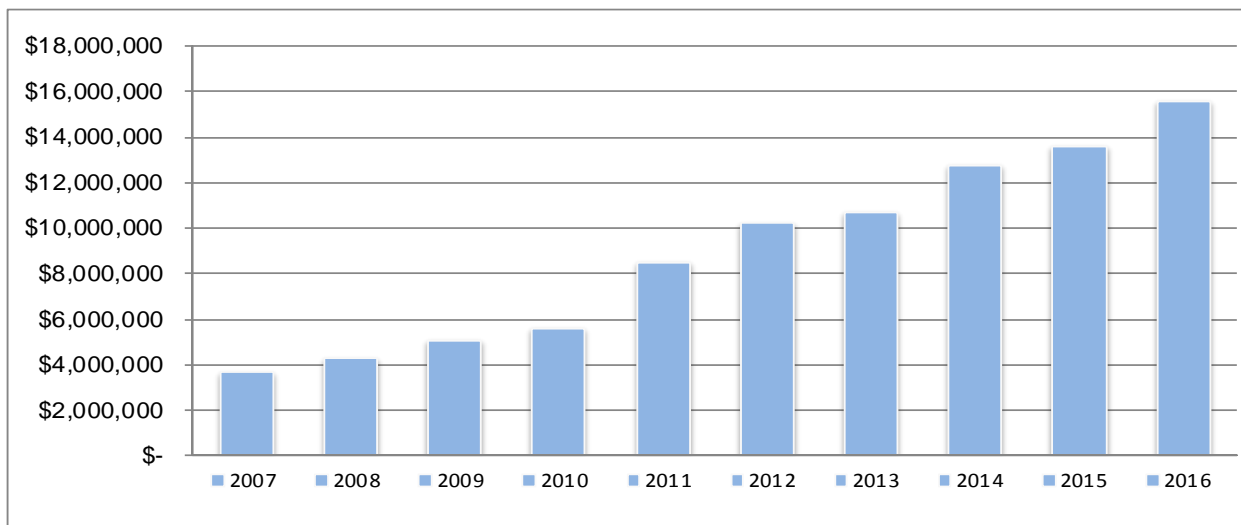


## NORTHWESTERN WATER & SEWER DISTRICT WATER OPERATING REVENUES BY SOURCE LAST TEN YEARS

Fiscal Year	Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
2016	\$ 14,843,204	\$ 431,663	\$ 34,747	\$ 234,915	\$ 15,544,529	14.1%
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	4.0%
2012	9,659,619	241,699	65,959	289,524	10,256,801	21.8% (2)
2011	7,956,148	167,070	93,046	240,352	8,456,616	51.6% (1)
2010	5,177,288	137,747	89,743	171,957	5,576,735	10.0%
2009	4,668,363	134,770	109,092	157,102	5,069,327	17.8%
2008	3,906,717	212,287	83,724	99,189	4,301,917	17.1%
2007	3,224,129	225,786	125,388	96,942	3,672,245	14.7%

(1) District began billing City of Toledo supply customers in July 2011.

(2) Represents a full year of District billing City of Toledo supplied customers.

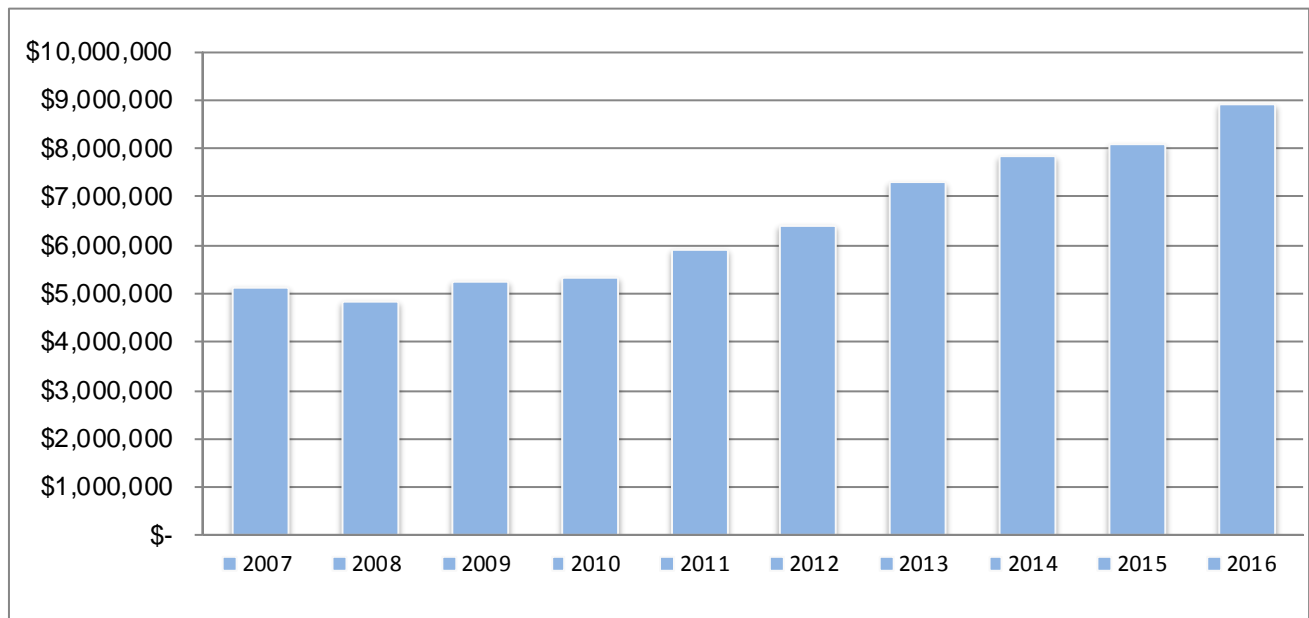


Source: District accounting records.



## NORTHWESTERN WATER & SEWER DISTRICT SEWER OPERATING EXPENSE BY TYPE LAST TEN YEARS

Fiscal Year	Salaries and Wages	Benefits	Professional Services	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
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	14.2%
2012	1,239,920	581,705	653,012	463,375	271,739	2,940,780	232,995	6,383,526	8.3%
2011	1,197,473	537,875	503,630	384,106	279,594	2,797,595	191,490	5,891,763	10.3%
2010	1,057,390	444,305	486,733	299,495	226,847	2,631,794	195,595	5,342,159	1.9%
2009	1,088,978	472,491	397,802	330,130	236,985	2,449,124	267,552	5,243,062	8.2%
2008	1,095,395	475,983	268,269	370,010	235,064	2,161,407	240,854	4,846,982	-5.2%
2007	1,254,946	463,426	368,816	380,166	218,647	2,234,830	199,268	5,120,099	6.4%



Source: District accounting records.

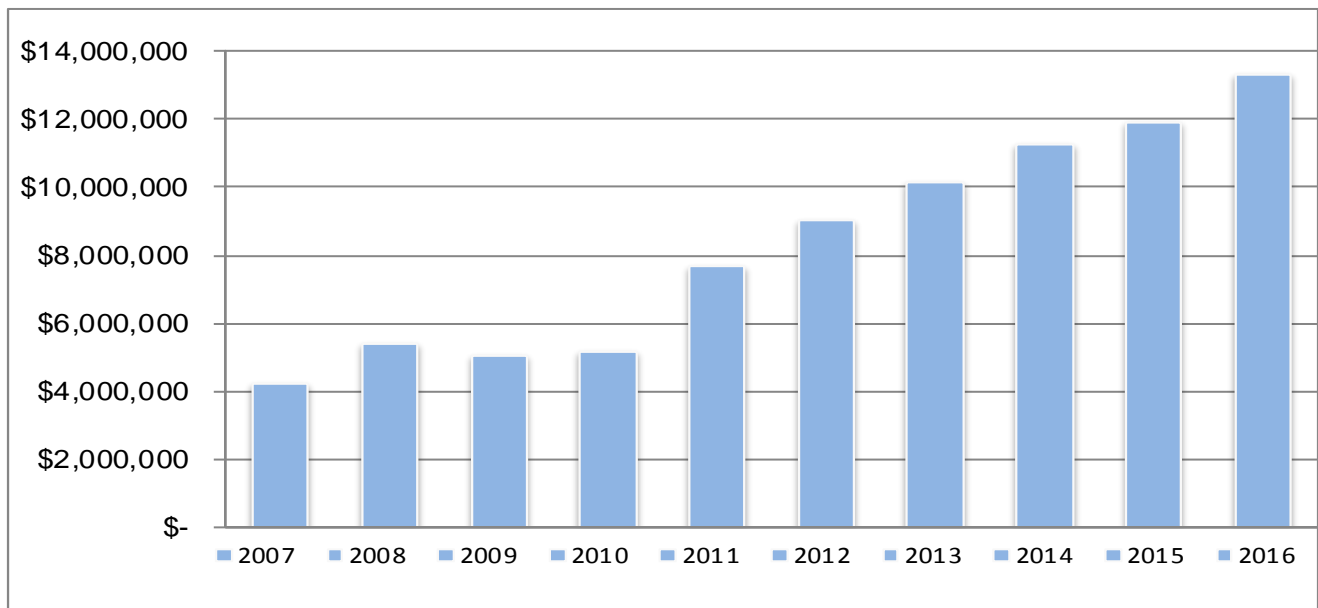




## NORTHWESTERN WATER & SEWER DISTRICT WATER OPERATING EXPENSE BY TYPE LAST TEN YEARS

Fiscal Year	Salaries and Wages	Benefits	Professional Services	Purchased Water	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
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	12.3%
2012	1,307,153	544,879	367,730	3,778,955	403,299	198,718	2,156,451	273,039	9,030,224	17.9%
2011	1,094,754	457,349	275,712	3,040,369 (1)	475,837	207,027	1,887,447	219,179	7,657,674	48.2%
2010	961,586	418,914	196,036	1,198,861	390,202	146,801	1,665,678	187,378	5,165,456	2.6%
2009	957,031	429,346	234,496	1,103,187	324,473	159,109	1,598,650	228,369	5,034,661	-6.3%
2008	1,035,165	405,673	321,588	1,328,232	466,907	169,997	1,465,972	180,433	5,373,967	26.4%
2007	705,008	277,142	217,551	1,020,361	359,029	174,480	1,361,439	137,671	4,252,681	7.7%

(1) In April 2011, the District assumed the billing and meter maintenance for approximately 7,000 accounts previously provided by the City of Toledo and went to a bulk water purchase contract with Toledo.



Source: District accounting records.



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

---

<u>Fiscal Year</u>	<u>Interest Income</u>	<u>Aid in Construction (1)</u>	<u>Other Income (Expense)</u>	<u>Total</u>
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
2012	191,518	4,574,208	(1,181)	4,764,545
2011	274,472	5,711,809	(6,856)	5,979,425
2010	261,015	2,979,073	(16,967)	3,223,121
2009	305,757	1,852,018	591	2,158,366
2008	391,457	2,683,536	57,831	3,132,824
2007	545,395	808,919	15,809	1,370,123

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

Source: District accounting records.



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

---

<b>Fiscal Year</b>	<b>Interest Income</b>	<b>Aid in Construction (1)</b>	<b>Other Income (Expense)</b>	<b>Total</b>
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
2012	366,749	1,149,979	5,866	1,522,594
2011	452,833	4,029,866	(7,199)	4,475,500
2010	439,644	4,647,205	9,079	5,095,928
2009	463,868	567,628	(15,129)	1,016,367
2008	501,539	1,958,669	26,129	2,486,337
2007	619,165	1,777,303	15,075	2,411,543

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

Source: District accounting records.



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

<u>Year</u>	<u>Minimum Charge</u>		<u>Volume Charges (1)</u>	
	<u>Monthly</u>	<u>Quarterly</u>	<u>Collection Only</u>	<u>Collection and Treatment</u>
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
2012	12.30	24.60	14.51	37.01
2011	12.06	24.12	13.39	35.45
2010	12.06	24.12	12.50	34.56
2009	12.06	24.12	11.62	33.68
2008	12.06	24.12	11.62	33.68
2007	10.06	20.12	11.62	29.03

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

Source: District accounting records.



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

---

<u>Year</u>	<u>Minimum Charge</u>		<u>Volume Charges (1)</u>
	<u>Monthly</u>	<u>Quarterly</u>	<u>Distribution</u>
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
2012	13.53	27.06	11.21
2011	13.26	26.52	10.49
2010	13.00	26.00	9.77
2009	13.00	26.00	9.25
2008	9.93	19.86	5.69
2007	6.93	13.86	4.80

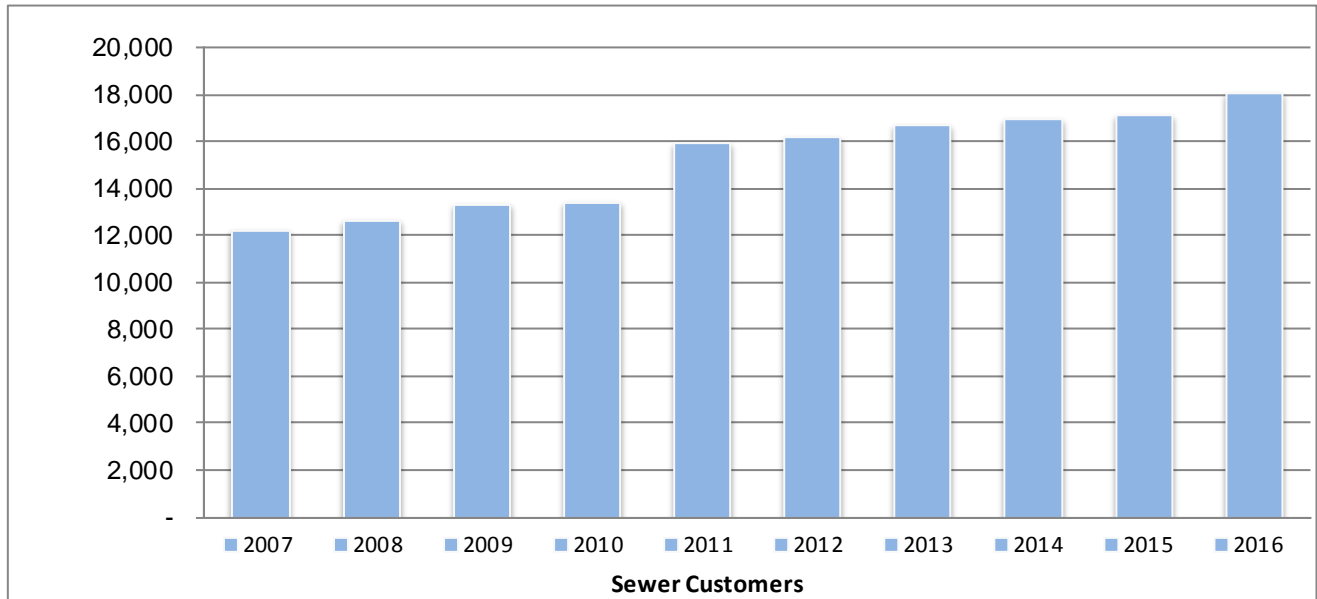
(1) Per 1,000 cubic feet of water consumption.

Source: District accounting records.



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

Year	Average Number of Customers	Average Day (000's/Gal.)	Consumption (000's/Gal.)
2007	12,224	3,632	1,325,558
2008	12,626	3,701	1,350,812
2009	13,278	3,584	1,308,307
2010	13,394	3,657	1,334,650
2011	15,944	4,295	1,567,808 (a)
2012	16,201	4,279	1,566,211
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



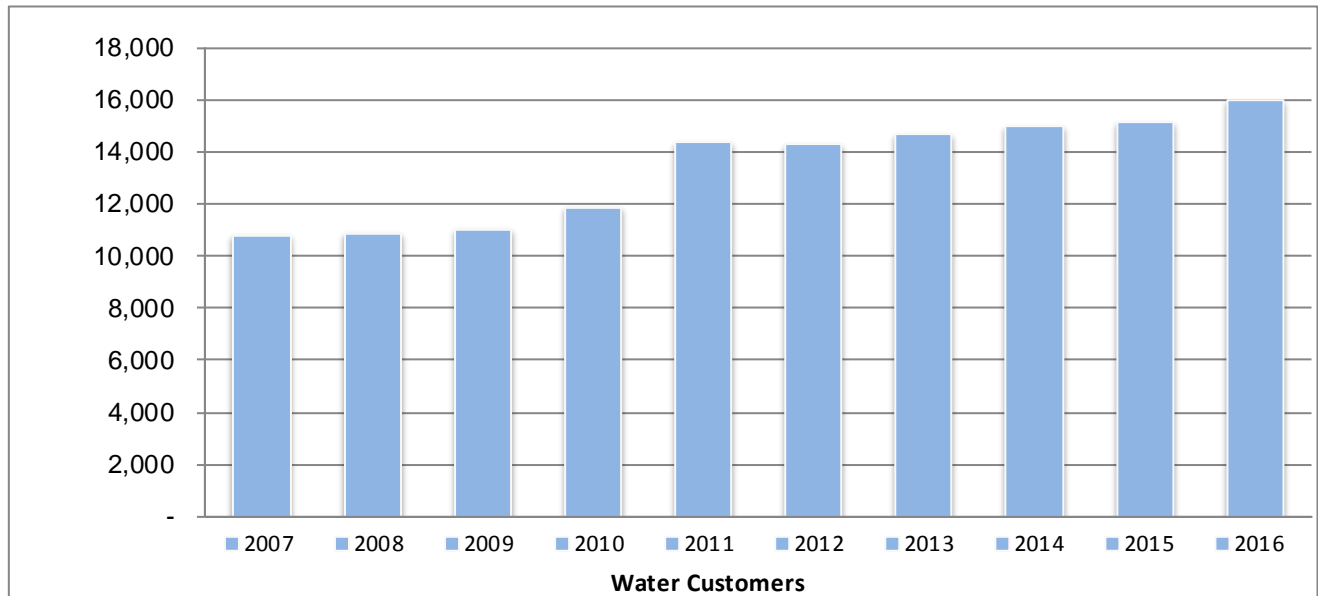
a) In 2011, the City of Rossford and the Village of Cygnet joined the District with approximately 2,550 customers.

Source: District accounting records.



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

Year	Average Number of Customers	Average Day (000's/Gal.)	Total Annual Consumption (000's/Gal.)
2007	10,775	4,133	1,508,418
2008	10,886	3,949	1,441,658
2009	11,025	3,434	1,253,238
2010	11,825	3,642	1,328,774
2011	14,375 est	4,211	1,537,140 (a)
2012	14,344	4,530	1,657,958 (b)
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



- a) In 2011, the City of Rossford and the Village of Cygnet joined the District with approximately 2,550 customers.
- b) In July 2012, the Village of Bloomdale joined the District.

Source: District accounting records.



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

**Fiscal Year 2016**

<b>Customer</b>	<b>Total Billed Consumption (000's/Gal.)</b>	<b>Billed Charges</b>	<b>% of Total System Revenue</b>
1. First Solar	87,039	\$ 326,984	3.44%
2. Charter Steel	74,027	271,082	2.85%
3. Prefinished Metals	40,638	148,860	1.57%
4. Chrysler	33,889	124,325	1.31%
5. LOF Pilkington**	30,082	103,756	1.09%
6. Norplas	22,878	83,876	0.88%
7. Friendly Village I and II MHP	18,764	68,984	0.73%
8. Whitaker & Sons	15,879	58,266	0.61%
9. Cintas	15,299	54,676	0.58%
10. Perry Lake Village*	<u>14,061</u>	<u>38,811</u>	<u>0.41%</u>
<b>Total</b>	<u>352,556</u>	<u>\$ 1,279,620</u>	<u>13.47%</u>

\*Billed at 70% of District Rate

**Fiscal Year 2007**

<b>Customer</b>	<b>Total Billed Consumption (000's/Gal.)</b>	<b>Billed Charges</b>	<b>% of Total System Revenue</b>
1. Charter Steel	46,052	\$ 71,662	2.08%
2. First Solar	41,088	63,714	1.85%
3. Pre Finished Metals	40,693	63,095	1.83%
4. Chrysler	37,937	58,682	1.70%
5. Friendly Village I and II MHP	34,229	53,157	1.54%
6. Walnut Hills Mobile Home Park	17,983	28,056	0.81%
7. Alpha Tube	17,541	27,279	0.79%
8. Cintas	16,131	23,184	0.67%
9. Norplas	15,898	24,693	0.72%
10. Perry Lake Village	<u>15,187</u>	<u>17,205</u>	<u>0.50%</u>
<b>Total</b>	<u>282,739</u>	<u>\$ 430,727</u>	<u>12.49%</u>





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

**Fiscal Year 2016**

<b>Customer</b>	<b>Total Billed Consumption (000's/Gal.)</b>	<b>Billed Charges</b>	<b>% of Total System Revenue</b>
1. First Solar	111,470	\$ 274,337	1.76%
2. Charter Steel	74,819	185,832	1.20%
3. Prefinished Metals	45,836	109,922	0.71%
4. Chrysler	33,889	85,969	0.55%
5. MSB Dairy*	32,592	213,408	1.37%
6. Norplas	32,180	77,042	0.50%
7. Jones Hamilton	23,183	56,710	0.36%
8. Friendly Village I & II MHP	18,764	50,928	0.33%
9. Tracy Creek Apartments	18,341	48,535	0.31%
10. Whitaker & Sons	<u>15,879</u>	<u>37,109</u>	<u>0.24%</u>
<b>Total</b>	<u><u>406,953</u></u>	<u><u>\$ 1,139,792</u></u>	<u><u>7.33%</u></u>

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

\*\* Billed at 75% of Full District Rates

**Fiscal Year 2007**

<b>Customer</b>	<b>Total Billed Consumption (000's/Gal.)</b>	<b>Billed Charges</b>	<b>% of Total System Revenue</b>
1. Charter Steel	97,835	\$ 63,945	1.98%
2. Hunt Wesson	72,797	50,126	1.55%
3. Prefinished Metals	48,835	32,980	1.02%
4. Chrysler	42,433	36,626	1.14%
5. First Solar	41,597	27,564	0.85%
6. Friendly Village I and II MHP	34,229	27,089	0.84%
7. Walnut Hills Mobile Home Park	17,870	12,991	0.40%
8. Alpha Tube	17,541	12,382	0.38%
9. Cintas	16,401	11,630	0.36%
10. Perry Lake Village	<u>10,955</u>	<u>7,432</u>	<u>0.25%</u>
<b>Total</b>	<u><u>400,493</u></u>	<u><u>\$ 282,765</u></u>	<u><u>8.77%</u></u>



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

Debt By Type In Thousands	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue Bond Issues</b>										
\$4,235 Series 2002 (1)	\$ 2,055	\$ 1,875	\$ 1,695	\$ 1,515	\$ 1,335	\$ -	\$ -	\$ -	\$ -	\$ -
\$2,165 Series 2004B	1,940	1,892	1,804	1,712	1,590	1,490	1,415	1,290	-	-
\$1,200 Series 2005A	1,120	1,070	1,020	1,018	920	870	858	770	715	660
\$6,910 Series 2008	-	6,910	6,680	6,440	6,195	5,940	5,675	5,400	5,115	4,820
\$3,550 Series 2009 BAN	-	-	3,550	-	-	-	-	-	-	-
\$2,350 Series 2010	-	-	-	2,350	2,280	2,210	2,135	2,055	1,970	1,880
\$3,870 Series 2012 (2)	-	-	-	-	-	3,585	3,368	3,093	2,850	2,613
\$1,300 Series 2015(4)	-	-	-	-	-	-	-	-	1,180	1,060
Total Revenue Bonds	5,115	11,747	14,749	13,035	12,320	14,095	13,451	12,608	11,830	11,033
<b>Special Assessment Issues</b>										
\$277 Series 1996	125	111	97	83	69	55	42	28	14	-
\$360 Series 1998	195	175	160	140	125	110	95	80	60	40
\$500 Series 1999	360	340	315	290	265	240	210	180	150	115
\$175 Series 2000	115	110	100	90	80	75	65	55	45	40
\$1,195 Series 2002	1,025	975	925	870	815	-	-	-	-	-
\$1,245 Series 2003	1,080	1,035	985	935	880	60	-	-	-	-
\$2,000 Series 2004A	1,795	1,715	1,635	1,555	1,470	1,380	1,290	1,195	-	-
\$1,010 Series 2006	990	955	920	880	840	800	760	715	670	620
\$2,205 Series 2008	-	2,205	2,155	2,133	2,000	1,920	1,878	1,750	1,660	1,565
\$6,580 Series 2009 BAN	-	-	6,580	-	-	-	-	-	-	-
\$2,350 Series 2010	-	-	-	2,350	2,280	2,205	2,125	2,045	1,960	1,875
\$2,880 Series 2012 (3)	-	-	-	-	-	2,715	2,615	2,302	2,039	1,824
\$1,240 Series 2015 (4)	-	-	-	-	-	-	-	-	1,120	1,005
Total SA Bonds	5,685	7,621	13,872	9,326	8,824	9,560	9,080	8,350	7,718	7,084
U.S. Dept. of Agriculture Ohio Water Development Authority	5,298	5,151	7,399	7,219	8,360	11,110	13,497	13,219	12,933	13,794
Ohio Public Works Commission	9,491	11,287	9,004	10,805	14,296	15,024	22,495	30,370	30,746	41,429
Other	812	738	665	611	536	522	596	520	439	368
	331	328	325	1,793	905	3,928	993	801	603	421
Total All Debt	\$26,732	\$36,872	\$46,014	\$42,789	\$45,241	\$54,239	\$60,112	\$65,868	\$64,269	\$74,129
<b>Number of Customer Accounts</b>										
	22,999	23,512	24,614	25,219	30,319	30,545	31,500	31,988	32,284	34,067

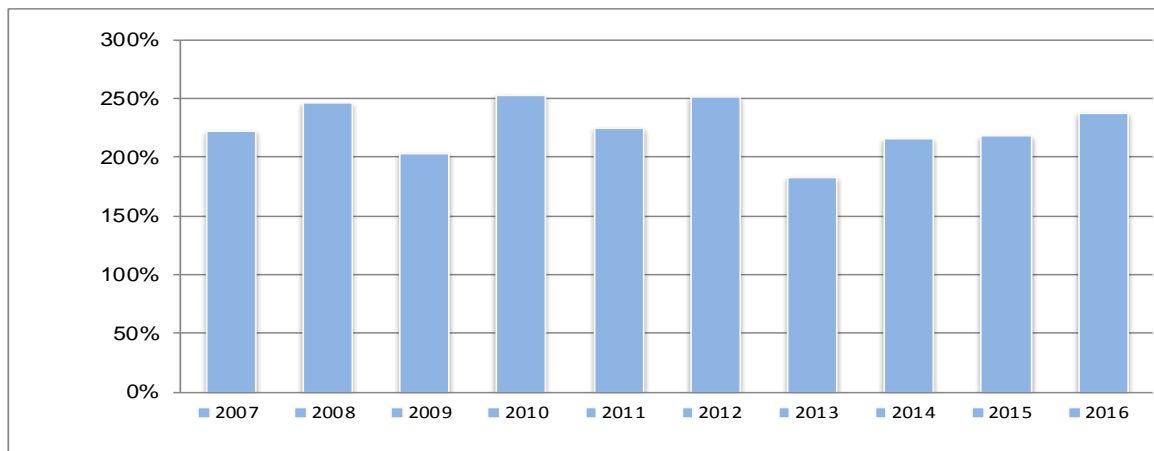
- (1) The Series 1996 Bonds were refunded on 3/27/2002 and were replaced by the Series 2002 Bonds.
- (2) The Series 2002 Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 Bonds.
- (3) The Series 2003 SA Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 SA Bonds.
- (4) The Series 2004 A & B Bonds were refunded on 2/27/2015 and replaced by the Series 2015 Bonds

Source: District Accounting Records.



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

Fiscal Year	Revenue (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirement	Coverage Factor (3)
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	18,050,283	12,023,976	6,026,307	3,292,569	183%
2012	17,242,424	10,316,519	6,925,905	2,759,213	251%
2011	15,056,461	8,864,395	6,192,066	2,752,617	225%
2010	11,158,034	6,210,143	4,947,891	1,937,845	253%
2009	10,220,215	6,229,849	3,990,366	1,962,352	203%
2008	10,225,557	6,593,570	3,631,987	1,471,370	247%
2007	9,399,095	5,820,968	3,578,127	1,610,213	222%



- (1) Includes water and sewer revenues. Also includes System Development Fees.
- (2) Excludes depreciation expense.
- (3) Revenue bonds require 115% coverage and Board Policy requires 150% coverage.

Source: District accounting records.



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

---

<u>Fiscal Year</u>	<u>Special Assessments Collections</u>	<u>Debt Service Requirement</u>	<u>Coverage Factor (3)</u>
2016	\$ 1,775,195	\$ 1,597,364	111%
2015	1,877,187	1,771,411	106%
2014	2,153,096 (b)	1,636,431	132%
2013	1,666,587	1,644,335	101%
2012	1,923,976	1,701,693	113%
2011	2,019,018	1,587,977	127%
2010	1,467,115 (a)	1,817,892	81%
2009	1,147,785 (a)	1,449,492	79%
2008	1,370,124	1,351,612	101%
2007	1,353,831	1,294,512	105%

- a) Charter Steel paid their second half assessment of \$79,996 on July 30, 2009 but the District did not receive cash from the Wood County Auditor until January 2010. Amount is not included in 2009.
- b) Midstar paid their remaining assessment of \$348,010 in 2014.

Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT  
SEWER DEBT BY TOTAL DEBT SERVICE  
AS OF DECEMBER 31, 2016**

Year	Revenue Debt			Special Assessment Debt			Totals	% of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	OPWC	Bonds and Notes		
2017	\$ 1,519,089	\$ 22,249	\$ 1,142,178	\$ 335,771	\$ 25,285	\$ 509,124	\$ 3,553,696	93.50%
2018	1,522,956	13,583	1,139,900	335,771	25,285	709,597	3,747,092	86.64%
2019	1,466,904	13,583	1,016,457	335,771	25,285	486,554	3,344,554	80.53%
2020	1,466,416	13,583	1,013,130	335,771	-	457,347	3,286,247	74.51%
2021	1,234,965	13,583	1,203,423	298,472	-	444,588	3,195,031	68.67%
2022	1,234,967	13,583	986,354	261,144	-	445,608	2,941,656	63.29%
2023	1,234,967	13,583	982,914	261,144	-	349,590	2,842,198	58.09%
2024	1,202,449	13,583	984,286	261,144	-	295,268	2,756,730	53.05%
2025	1,189,493	9,441	858,542	261,144	-	183,309	2,501,929	48.47%
2026	1,158,229	9,441	851,149	261,144	-	183,536	2,463,499	43.96%
2027-31	5,699,911	41,582	3,112,341	1,305,721	-	830,665	10,990,220	23.86%
2032-36	4,224,196	21,954	1,563,229	943,143	-	629,407	7,381,929	10.36%
2037-41	838,064	-	1,342,508	-	-	629,097	2,809,669	5.22%
2042-46	407,377	-	756,439	-	-	629,127	1,792,943	1.94%
2047-51	-	-	502,668	-	-	377,369	880,037	0.33%
2052-56	-	-	178,000	-	-	-	178,000	0.00%
<b>Totals</b>	<u>\$ 24,399,983</u>	<u>\$ 199,748</u>	<u>\$ 17,633,518</u>	<u>\$ 5,196,140</u>	<u>\$ 75,855</u>	<u>\$ 7,160,186</u>	<u>\$ 54,665,430</u>	

OWDA - Ohio Water Development Authority

OPWC - Ohio Public Works Commission

Source: District accounting records.



**NORTHWESTERN WATER & SEWER DISTRICT  
WATER DEBT BY TOTAL DEBT SERVICE  
AS OF DECEMBER 31, 2016**

Year	Revenue Debt			Special Assessment Debt		Totals	% of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	Bonds and Notes		
2017	\$ 1,349,750	\$ 10,622	\$ 1,052,734	\$ 64,851	\$ 617,836	\$ 3,095,793	92.92%
2018	1,379,794	10,622	923,304	64,851	617,691	2,996,262	86.08%
2019	1,355,918	10,622	888,557	64,851	589,337	2,909,285	79.43%
2020	1,331,492	10,622	883,735	64,851	574,542	2,865,242	72.88%
2021	1,170,910	10,622	871,290	32,412	575,501	2,660,735	66.80%
2022	1,142,658	10,622	816,567	-	576,296	2,546,143	60.98%
2023	1,142,368	10,622	774,129	-	526,368	2,453,487	55.37%
2024	1,050,616	10,622	816,915	-	508,473	2,386,626	49.92%
2025	1,021,338	5,768	799,138	-	398,298	2,224,542	44.83%
2026	1,018,000	915	696,740	-	399,306	2,114,961	40.00%
2027-31	5,067,081	-	2,860,826	-	967,941	8,895,848	19.67%
2032-36	3,500,709	-	1,038,472	-	-	4,539,181	9.29%
2037-41	1,439,406	-	897,501	-	-	2,336,907	3.95%
2042-46	658,189	-	462,088	-	-	1,120,277	1.39%
2047-51	-	-	353,294	-	-	353,294	0.58%
2052-56	-	-	255,096	-	-	255,096	0.00%
<b>Totals</b>	<b>\$ 22,628,229</b>	<b>\$ 91,659</b>	<b>\$ 14,390,386</b>	<b>\$ 291,816</b>	<b>\$ 6,351,589</b>	<b>\$ 43,753,679</b>	

OWDA - Ohio Water Development Authority

OPWC - Ohio Public Works Commission

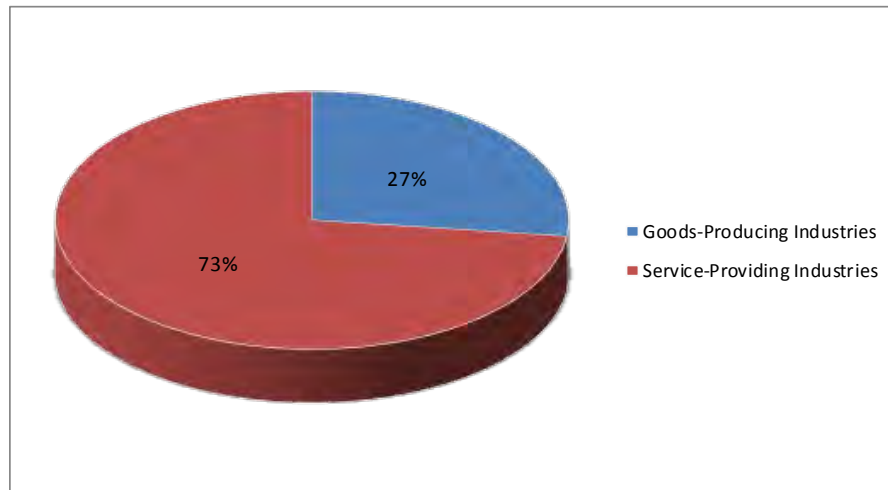
Source: District accounting records.



**NONAGRICULTURAL EMPLOYMENT**  
Toledo Primary Metropolitan Statistical Area  
(Includes Wood County)  
At December 31, 2016

---

	<b><u>Employment</u></b>
Goods-Producing Industries	59,400
Natural Resources, Mining and Construction	14,300
Manufacturing	45,100
Durable Goods	34,600
Transportation Equipment	16,000
Service-Providing Industries	208,400
Trade, Transportation and Utilities	61,700
Information	3,000
Financial Activities	10,500
Professional and Business Services	37,700
Educational and Health Services	52,500
Leisure and Hospitality	31,400
Other Services	11,600
Government	48,100



Source: Ohio Bureau of Employment Services, Labor Market Review.



## TEN LARGEST EMPLOYERS IN WOOD COUNTY

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Bowling Green State University	3,300	1	4.91%	5,361	1	8.26%
Magna International	1,800	2	2.68%	-		0.00%
Owens Community College	1,000	3	1.49%	1,525	3	2.35%
Chrysler	1,000	4	1.49%	1,647	2	2.54%
Wood County	1,000	5	1.49%	1,221	4	1.88%
Wood County Hospital	875	6	1.30%	-		0.00%
Owens-Illinois, Inc	850	7	1.26%	550	9	0.85%
Fed Ex Ground	800	8	1.19%	-		0.00%
First Solar	800	9	1.19%	-		0.00%
Home Depot	700	10	1.04%	-		0.00%
Cooper Standard Automotive	-		0.00%	1,049	5	1.62%
Rudolph-Libbe Companies	-		0.00%	900	6	1.39%
Norplas Industries	-		0.00%	700	7	1.08%
NFO Market Research	-		0.00%	625	8	0.96%
Great Lakes Window	-		0.00%	500	10	0.77%
<b>Totals</b>	<b>12,125</b>		<b>18.04%</b>	<b>14,078</b>		<b>21.70%</b>
<b>Total Employment Within Wood County</b>	<b>67,210</b>			<b>64,900</b>		

Source: Wood County Economic Development Commission.





**WOOD COUNTY OHIO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Years

---

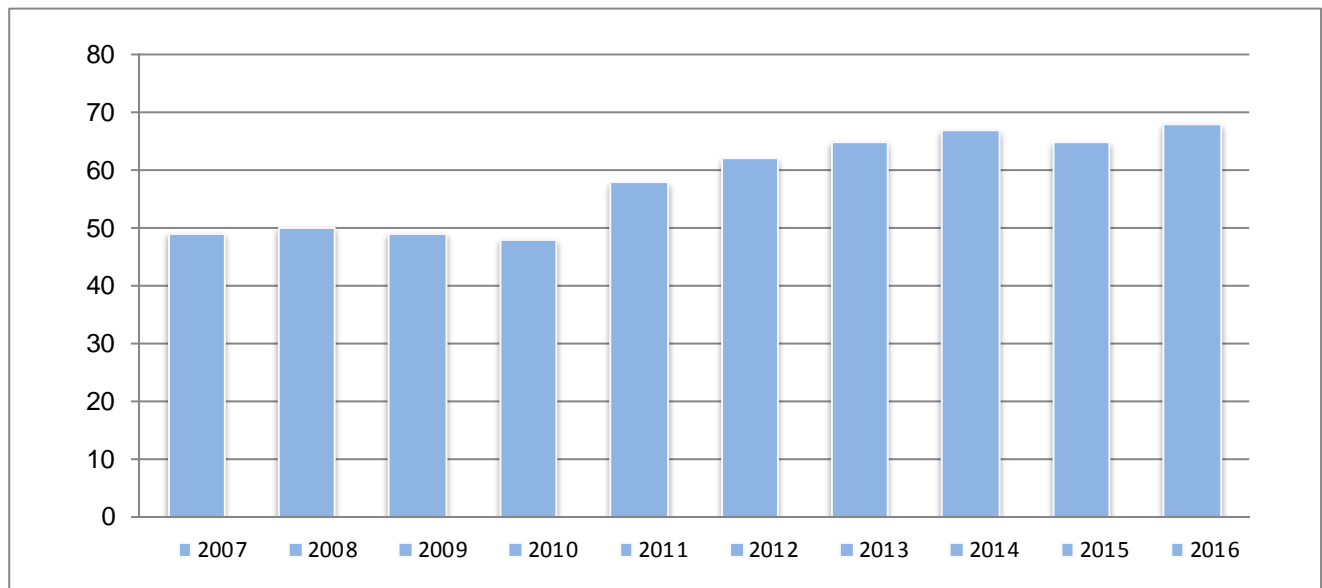
	<u>Population (Estimated)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	129,730	\$ 5,536,741,000	\$ 42,679	4.20%
2015	129,590	5,311,375,740	40,986	4.10%
2014	129,264	5,033,023,104	38,936	4.20%
2013	128,200	4,940,000,000	38,534	6.30%
2012	128,200	4,947,622,600	38,593	6.10%
2011	125,500	4,430,150,000	35,300	7.10%
2010	125,488	4,434,871,408	35,341	9.10%
2009	125,380	3,985,816,000	31,790	11.10%
2008	124,990	4,347,543,000	34,783	8.40%
2007	125,399	3,971,135,532	31,668	5.40%

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 FISCAL YEARS

DEPARTMENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Administration</b>	2	2	2	2	2	3	3	2	2	2
<b>Finance</b>	3	3	3	3	3	3	3	5	5	5
<b>Customer Service (1)</b>	6	6	5	5	11	12	12	13	12	10
<b>Engineering</b>	9	9	10	10	12	10	12	11	11	14
<b>GIS/IT (2)</b>						3	3	3	3	3
<b>Operations</b>	29	30	29	28	30	31	32	33	32	34
<b>Total</b>	49	50	49	48	58	62	65	67	65	68



- (1) In 2011, the District assumed responsibility for billing approximately 7,000 customers that the City of Toledo had previously billed on behalf of the District.
- (2) In 2012, GIS/IT staff separated from Engineering.

Source: Northwestern Water & Sewer District.



**NORTHWESTERN WATER & SEWER DISTRICT  
DEMOGRAPHICS STATISTICS  
DECEMBER 31, 2016**

---

**WATER SYSTEM**

Miles of Potable Water Lines	441
Total Water Customers	16,017
Number of Fire Hydrants	3,838
Water Towers	7
Number of WaterShed and Bulk Water Stations	14

**SEWER SYSTEM**

Miles of Sewer Lines	355
Total Sewer Customers	18,050
Number of Pump Stations	75
Number of Treatment Plants	13
Number of Manholes	5,534

**GENERAL INFORMATION**

Population Served (Estimated)	42,500
Number of Employees	68

Source: Northwestern Water & Sewer District.

12560 Middleton Pike  
Bowling Green, OH 43402  
419-354-9090 \* 877-354-9090  
[www.nwwsd.org](http://www.nwwsd.org)



# Dave Yost • Auditor of State

**NORTHWESTERN WATER AND SEWER DISTRICT**

**WOOD 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  
AUGUST 24, 2017**