

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

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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, 2014 through December 31, 2014. 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

July 24, 2015

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**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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, 2014, 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 11, 2015.

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: 2015.06.29 15:45:22 -04'00'

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

June 11, 2015

**NORTHWESTERN WATER AND SEWER DISTRICT
WOOD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Schedule of Expenditures of Federal Awards	N/A	No longer applicable.

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

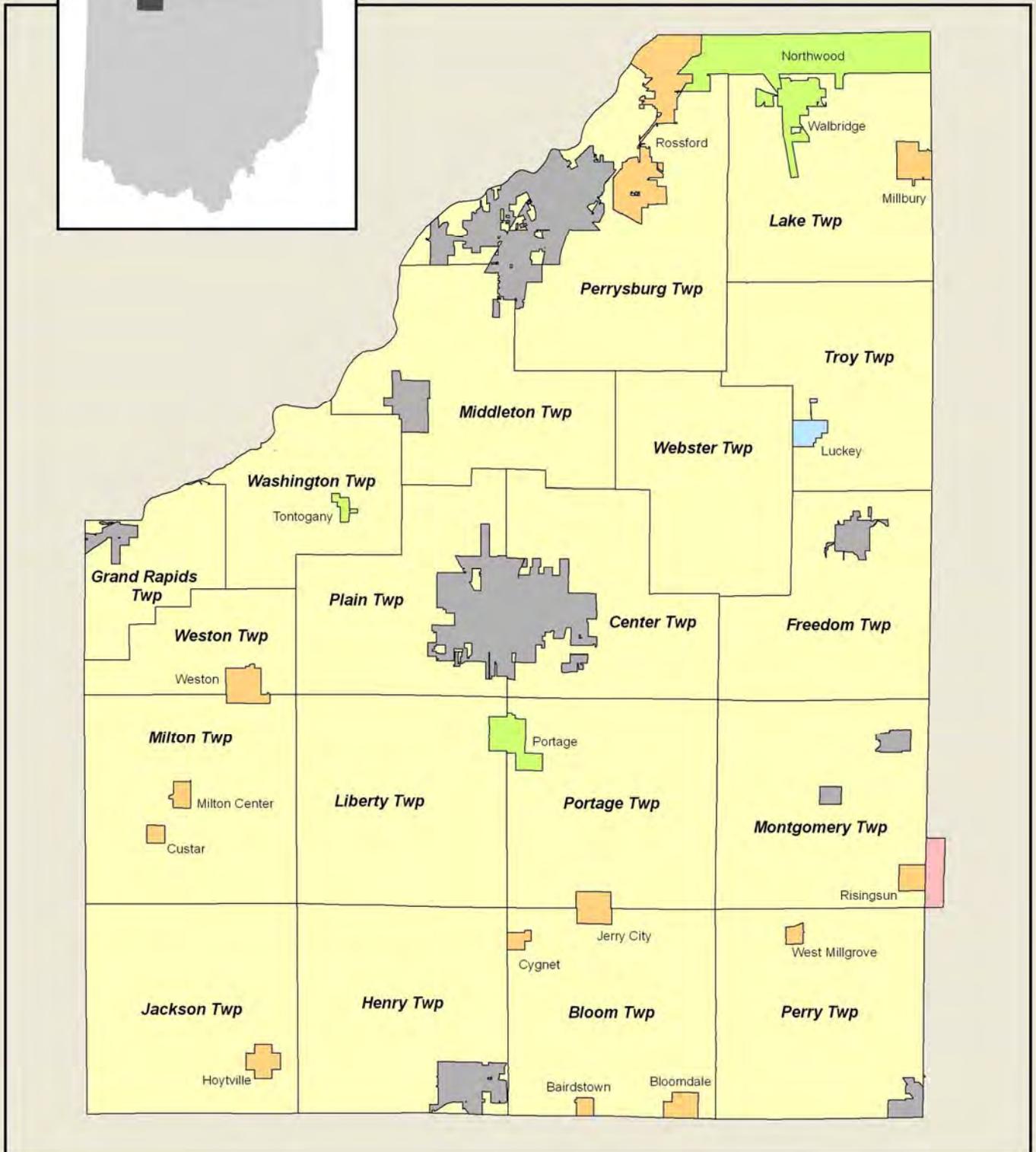


Comprehensive Annual Financial Report
For the years ended December 31, 2014 and 2013

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



**NORTHWESTERN WATER & SEWER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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June 25, 2015

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

The Comprehensive Annual Report of the Northwestern Water and Sewer District (the "District") for the year ended December 31, 2014, is hereby submitted. This report follows guidelines set forth by the Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). This report consists of management's representations concerning finances of the District. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management.

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



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

The District is required to undergo an annual audit in conformity with government auditing standards. Information related to this audit, includes the independent auditors' 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, 2014 disclosed no material internal control weaknesses or material violations of laws and regulations.

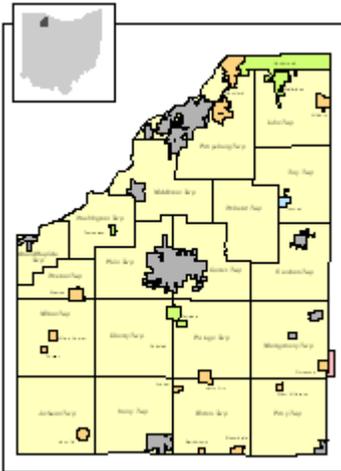
GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to compliment MD&A and should be read in conjunction with it. The District's 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 entity 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 12 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 2014 population of the MSA is estimated to be approximately 608,513, of which the County accounted for approximately 129,264 in 2014. 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 2013-14 school year, the university had 19,000 students, 900+ full-time faculty as well as 1,352 full and part-time administrative and classified staff. In addition to Bowling Green State University, Wood County is home to Owens Community College. For 2014, Owens had a student enrollment of approximately 12,577 in over 130 program areas by a full-time faculty of 190. 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 2014 budget. This process will continue in 2015 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 been informed by three of its waste water treatment suppliers that the District will need to address inflow and infiltration of ground water into its sewers. To accomplish this could require the District to construct several large retention facilities that could cost \$4 million to \$7 million each.

At year-end, the District had debt outstanding of \$66,044,126. 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 4 and 5 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, 2013. This was the eleventh 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.

Five Point Road Sewer System

Construction of a sewer collection system on Five Point Road in Middleton Township began in 2013 and was completed in 2014 and cost \$2.3 million. This system converted approximately 56 homes and other facilities from septic tanks to a central collection and treatment system.

Ampoint

The existing private sanitary sewer system was in poor condition and was replaced with a gravity sewer system throughout the development, costing \$2.1 million.



River Road Waterline

The District replaced a 12" waterline connecting Perrysburg and Rossford which was in poor condition, costing \$2.5 million. This waterline serves several thousand homes in this area.

Northwood Sewer System

The District conducted a pilot sewer service lateral project in the Northwood service area in 2012, replacing the sewer lines by relining them instead of replacing them, a much less invasive method for the homeowner. The project was very successful and an additional area was started in 2013. The project was completed in 2014, costing \$500,000.

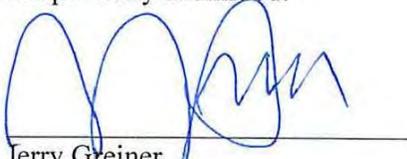
INDEPENDENT AUDIT

Included in this report is an unmodified opinion rendered on the District's financial statements for the year ended December 31, 2014, 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 Valerie Megyesi, Laurie Mooney, Pat Sheldrick-Swope and Elizabeth Householder for their dedication to details in preparing the District's financial information.

Respectfully submitted.



Jerry Greiner
President



Kay Ball
CFO



Government Finance Officers Association

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

Presented to

**Northwestern Water & Sewer District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

DISTRICT OFFICIALS

DECEMBER 31, 2014

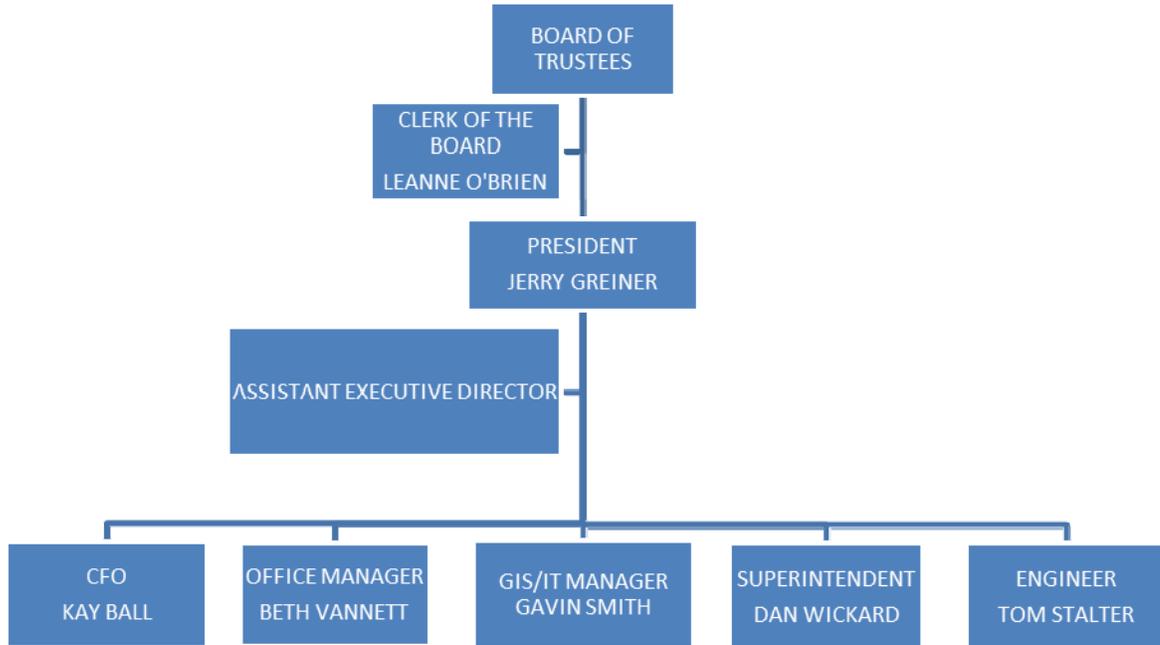
Board of Trustees

<u>Office</u>	<u>Name</u>	<u>Date Originally Installed</u>	<u>Term Expires</u>
Chairman	Melinda Kale	01/11/07	12/31/17
Vice Chairman	Mike Scott	09/05/13	12/31/17
Secretary	Lyle Schulte	01/01/99	12/31/16
Member	Steve Arnold	06/19/14	12/31/18
Member	William Hirzel	01/10/08	12/31/17
Member	John Cheney	07/21/92	12/31/16
Member	Mark Sheffer	10/05/13	12/31/18
Member	Shad Ridenour	01/01/14	12/31/18
Member	Leonard Michaels	01/01/11	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

**ORGANIZATIONAL CHART
NORTHWESTERN WATER & SEWER DISTRICT
DECEMBER 31, 2014**



Number of Employees by Department	
Administration	2
Engineering	11
Operations	33
Finance	5
Office	13
GIS	<u>3</u>
Total Employees December 31, 2014	<u>67</u>

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

Certified Public Accountants

5240 East 98th 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 year ended December 31, 2014, 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, 2014, and the changes in its financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Northwestern Water and Sewer District, Ohio, as of and for the year ended December 31, 2013, were audited by predecessor auditors whose report dated June 27, 2014, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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; 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 and 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 11, 2015, 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 11, 2015

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 ("District") for the year ended December 31, 2014. This information should be read in conjunction with the letter of transmittal and basic financial statements included in this report.

Financial Highlights

- Assets exceeded liabilities by \$120,628,185 as of December 31, 2014.
- Net position increased by \$5,060,020 in 2014.
- Of the increase in net position, an increase of \$900,238 was attributable to net investment in capital assets. The remaining change of a net increase of \$154,637 was attributable to an increase in restricted net position and \$4,005,145 increase in unrestricted net position.
- Debt increased \$5,960,085. Retirements of debt principal were \$3,600,786 and new issues of debt principal were \$9,560,871.

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.

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, \$102.4 million (84.9%) 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.

NORTHWESTERN WATER & SEWER DISTRICT

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>			
				<u>2014/2013</u>		<u>2013/2012</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
<u>Assets</u>							
Current assets	\$ 15,280	\$ 14,655	\$ 14,917	\$ 625	4.3%	\$ (262)	-1.8%
Capital assets, net	163,851	156,997	147,434	6,854	4.4%	9,563	6.5%
Other non-current assets	<u>11,655</u>	<u>9,528</u>	<u>10,294</u>	<u>2,127</u>	<u>22.3%</u>	<u>(766)</u>	<u>-7.4%</u>
Total assets	190,786	181,180	172,645	9,606	5.3%	8,535	4.9%
Deferred outflows of resources	62	71	-	(9)	100.0%	71	100.0%
<u>Liabilities</u>							
Current liabilities	7,834	8,687	15,095	(853)	-9.8%	(6,408)	-42.5%
Long-term liabilities	<u>62,191</u>	<u>56,677</u>	<u>45,991</u>	<u>5,514</u>	<u>9.7%</u>	<u>10,686</u>	<u>23.2%</u>
Total liabilities	70,025	65,364	61,086	4,661	7.1%	4,278	7.0%
Deferred inflows of resources	195	319	-	(124)	100.0%	319	100.0%
<u>Net Position</u>							
Net investment in capital assets	102,403	101,502	97,598	901	0.9%	3,904	4.0%
Restricted	4,967	4,812	4,625	155	3.2%	187	4.0%
Unrestricted	<u>13,258</u>	<u>9,254</u>	<u>9,336</u>	<u>4,004</u>	<u>43.3%</u>	<u>(82)</u>	<u>-0.9%</u>
Total net position	\$ 120,628	\$ 115,568	\$ 111,559	\$ 5,060	4.4%	\$ 4,009	3.6%

Net position increased by \$5,060 million during 2014 and by \$4,009 million during 2013. The majority of this change was due to the following:

- Capital assets increased by \$11,012,542 offset by related accumulated depreciation increase of \$4,159,019 in 2014 and \$14,753,508 offset by related depreciation increased by \$5,190,879 in 2013 due mainly to construction of water and sewer lines.
- Debt, including current portion of long-term debt increased by \$5,960,085 in 2014 and increased by \$5,653,298 in 2013 related to borrowing for construction projects.

NORTHWESTERN WATER & SEWER DISTRICT

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>			
				<u>2014/2013</u>		<u>2013/2012</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
Utility revenue	\$ 19,386	\$ 15,854	\$ 15,080	\$ 3,532	22.3%	\$ 774	5.1
Fees and permit	385	340	295	45	13.2%	45	15.3
Contract services	184	195	230	(11)	-5.6%	(35)	15.2
Other	404	837	445	(433)	-51.7%	392	88.1
Non-operating revenue	<u>489</u>	<u>491</u>	<u>563</u>	<u>(2)</u>	<u>-0.4%</u>	<u>(72)</u>	<u>(12.8)</u>
Total revenues	<u>20,848</u>	<u>17,717</u>	<u>16,613</u>	<u>3,131</u>	<u>17.7%</u>	<u>1,104</u>	<u>6.7</u>
Depreciation and amortization	6,389	5,405	5,099	984	18.2%	306	6.0
Other operating expense	12,908	12,024	10,315	884	7.4%	1,709	16.6
Non-operating expense	<u>2,640</u>	<u>1,977</u>	<u>2,127</u>	<u>663</u>	<u>33.5%</u>	<u>(150)</u>	<u>(7.1)</u>
Total expenses	<u>21,937</u>	<u>19,406</u>	<u>17,541</u>	<u>2,531</u>	<u>13.0%</u>	<u>1,865</u>	<u>10.6</u>
Gain/loss before aid in construction	(1,089)	(1,689)	(928)	600	-35.5%	(761)	(82.0)
Aid in construction	<u>6,149</u>	<u>5,698</u>	<u>5,724</u>	<u>451</u>	<u>7.9%</u>	<u>(26)</u>	<u>(0.5)</u>
Changes in net position	<u>\$ 5,060</u>	<u>\$ 4,009</u>	<u>\$ 4,796</u>	<u>\$ 1,051</u>	<u>26.2%</u>	<u>\$ (787)</u>	<u>16.4</u>

Utility revenues increased in 2014 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.

Other Operating Expense increased in 2014 due to the increase in rates of purchased water from the City of Toledo.

NORTHWESTERN WATER & SEWER DISTRICT

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

Capital Assets

At the end of 2014, the District had \$163,850,534 invested in capital assets net of depreciation. This amount represents a net increase of approximately \$6.8 million, or 4.4% over 2013.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>			
				<u>2014/2013</u>		<u>2013/2012</u>	
				<u>Amt</u>	<u>%</u>	<u>Amt</u>	<u>%</u>
Land and easements	\$ 889	\$ 690	\$ 690	\$ 199	28.8%	\$ -	-
Construction in progress	13,861	9,984	22,956	3,877	38.8%	12,972	56.5%
Water and sewer lines	113,545	112,994	100,589	551	0.5%	12,405	12.3%
Buildings, structures and improvements	26,689	24,462	19,859	2,227	9.1%	4,603	23.2%
Equipment	<u>8,867</u>	<u>8,867</u>	<u>3,340</u>	<u>-</u>	<u>0.0%</u>	<u>5,527</u>	<u>165.0%</u>
Total	<u>\$ 163,851</u>	<u>\$ 156,997</u>	<u>\$ 147,434</u>	<u>\$ 6,854</u>	<u>4.4%</u>	<u>\$ 9,563</u>	<u>6.5%</u>

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

Additional information on the District's capital assets can be found in Note 3.

NORTHWESTERN WATER & SEWER DISTRICT

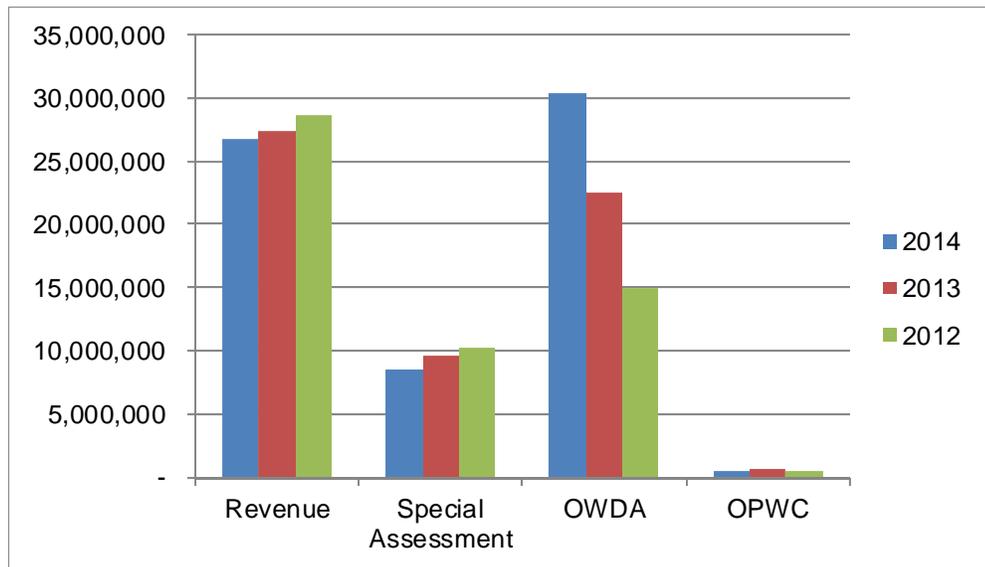
Management's Discussion and Analysis (Unaudited)

Debt Administration

At December 31, 2014, the District had total debt outstanding of \$66,044,126 compared to \$60,084,041 at December 31, 2013. This represents an increase of \$5,960,085. During 2014, the District issued \$9,560,871 of new debt and repaid \$3,600,786 in principal on outstanding debt. At December 31, 2013, the District had total debt outstanding of \$60,084,041 compared to \$54,430,743 at December 31, 2012. This represents an increase of \$5,653,298. During 2013, the District issued \$14,093,801 of new debt and repaid \$8,440,503 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 4 and 5 to the audited financial statements for more detailed information on long-term debt.

Outstanding Debt at December 31,

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenue bonds and notes	\$ 26,690,528	\$ 27,449,917	\$ 28,726,483
Special assessment bonds and notes	8,463,288	9,543,641	10,164,934
Ohio Water Development Authority	30,370,395	22,494,978	15,024,208
Ohio Public Works Commission	<u>519,915</u>	<u>595,505</u>	<u>515,118</u>
	<u>\$ 66,044,126</u>	<u>\$ 60,084,041</u>	<u>\$ 54,430,743</u>



Type of Debt By Year

NORTHWESTERN WATER & SEWER DISTRICT

Management's Discussion and Analysis (Unaudited)

Economic Factors

Based on the District's 2014 budget, sewer rates were increased 14.8% for a customer using 1,000 cubic feet. Water rates were increased 8.6%, effective January 1, 2014 for a customer using 1,000 cubic feet of water. The increases in both water and sewer rates are due 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 2015, the District expects new residential construction to continue to be down substantially from previous years due to the continued downturn in the economy.

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, 2014 and 2013**

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents - unrestricted (Note 2)	\$ 1,811,535	\$ 840,497
Cash and cash equivalents - restricted (Note 2)	3,467,742	3,316,784
Investments - unrestricted (Note 2)	3,668,200	3,646,349
Investments - restricted (Note 2)	1,498,806	1,495,127
Accounts receivable - trade	2,768,489	2,617,704
Grants receivable	194,884	957,495
Current portion of special assessments	1,030,563	845,198
Inventory	719,410	825,944
Prepaid expenses	<u>120,631</u>	<u>109,766</u>
Total current assets	<u>15,280,260</u>	<u>14,654,864</u>
NONCURRENT ASSETS		
Capital assets (Note 3):		
Depreciable:		
Sewer and water lines	187,356,550	182,960,342
Buildings, pumps and lift stations	31,873,731	28,616,530
Machinery and equipment	9,986,735	10,659,941
Vehicles	2,579,408	2,673,903
Furniture and fixtures	463,900	463,900
Computer equipment	1,235,343	1,185,151
Improvements - Oregon waste water treatment plant	<u>6,580,004</u>	<u>6,580,004</u>
Total depreciable capital assets	240,075,671	233,139,771
Accumulated depreciation and amortization	<u>(90,975,248)</u>	<u>(86,816,229)</u>
Net depreciable capital assets	<u>149,100,423</u>	<u>146,323,542</u>
Nondepreciable:		
Land	668,630	672,030
Easements	219,982	17,485
Construction in progress	<u>13,861,499</u>	<u>9,983,954</u>
Net capital assets	<u>163,850,534</u>	<u>156,997,011</u>
OTHER ASSETS		
Special assessments, less current portion	11,375,773	9,243,065
Reserve with county commissioners (Note 6)	279,171	279,171
Miscellaneous	<u>278</u>	<u>5,754</u>
Total other assets	<u>11,655,222</u>	<u>9,527,990</u>
Total noncurrent assets	<u>175,505,756</u>	<u>166,525,001</u>
Total assets	<u>190,786,016</u>	<u>181,179,865</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refunding	<u>62,388</u>	<u>70,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 190,848,404</u>	<u>\$ 181,250,526</u>

LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Current portion of long-term debt (Notes 4 and 5)	\$ 4,032,298	\$ 3,599,787
Current portion of compensated absences payable (Note 8)	198,838	203,184
Accounts payable - trade	1,607,108	2,721,304
Accrued payroll and payroll taxes	336,971	314,027
Accrued interest payable	786,754	611,190
Accounts due others	<u>872,443</u>	<u>1,236,853</u>
Total current liabilities	<u>7,834,412</u>	<u>8,686,345</u>
LONG-TERM LIABILITIES		
Long-term debt, less current portion (Notes 4 and 5)	62,011,828	56,484,254
Compensated absences payable, less current portion (Note 8)	<u>179,095</u>	<u>192,542</u>
Total long-term liabilities	<u>62,190,923</u>	<u>56,676,796</u>
Total liabilities	<u>70,025,335</u>	<u>65,363,141</u>
DEFERRED INFLOWS OF RESOURCES		
Federal and state grants	<u>194,884</u>	<u>319,220</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 70,220,219</u>	<u>\$ 65,682,361</u>
NET POSITION		
Net investment in capital assets	\$ 102,402,736	\$ 101,502,498
Restricted for debt service	4,966,548	4,811,911
Unrestricted	<u>13,258,901</u>	<u>9,253,756</u>
TOTAL NET POSITION	<u>\$ 120,628,185</u>	<u>\$ 115,568,165</u>

The accompanying notes are an integral part of the financial statements.

NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Utility revenue	\$ 19,386,979	\$ 15,853,653
Fees and permits	385,308	339,961
Contract services	183,904	194,760
Other	<u>403,938</u>	<u>837,465</u>
Total operating revenues	<u>20,360,129</u>	<u>17,225,839</u>
OPERATING EXPENSES		
Depreciation and amortization	6,388,825	5,404,998
Labor	3,053,972	2,891,126
Employee benefits	1,333,691	1,244,222
Professional services	1,135,073	1,200,030
Purchased water and sewer treatment	4,900,575	4,261,120
Materials and supplies	1,032,785	1,283,803
Utilities	618,975	530,371
Rent	3,792	4,523
Other	<u>828,882</u>	<u>608,781</u>
Total operating expenses	<u>19,296,570</u>	<u>17,428,974</u>
Operating income (loss)	<u>1,063,559</u>	<u>(203,135)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	488,621	491,219
Interest expense	(2,296,814)	(1,937,981)
Other income (expense)	<u>(343,823)</u>	<u>(39,142)</u>
Total nonoperating expenses	(2,152,016)	(1,485,904)
AID IN CONSTRUCTION		
Change in net position	<u>6,148,477</u>	<u>5,697,707</u>
NET POSITION		
Beginning of year	<u>115,568,165</u>	<u>111,559,497</u>
End of year	<u>\$ 120,628,185</u>	<u>\$ 115,568,165</u>

The accompanying notes are an integral part of the financial statements.

NORTHWESTERN WATER & SEWER DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATIONS		
Cash received from customers	\$ 20,847,619	\$ 18,310,345
Cash payments to suppliers for goods and services	(9,886,842)	(9,336,708)
Cash payments to employees for services	<u>(4,382,512)</u>	<u>(4,018,718)</u>
Net cash provided by operations	<u>6,578,265</u>	<u>4,954,919</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Aid in construction	2,485,399	5,600,976
Acquisition and construction of capital assets	(13,427,905)	(15,170,180)
Payments from reserve with county commissioners	-	(59,945)
Proceeds from sale of capital assets	185,557	202,553
Proceeds from issuance of long-term debt	9,441,874	14,093,801
Repayment of long-term debt	(3,484,217)	(8,442,931)
Collections on special assessments	1,345,005	803,829
Interest paid	<u>(2,465,073)</u>	<u>(2,019,921)</u>
Net cash used in capital and related financing activities	<u>(5,919,360)</u>	<u>(4,991,818)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	488,621	491,219
Proceeds on sale of investments	3,676,443	2,025,706
Purchases of investments	<u>(3,701,973)</u>	<u>(2,046,345)</u>
Net cash provided by investing activities	<u>463,091</u>	<u>470,580</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,121,996	433,681
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,157,281</u>	<u>3,723,600</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,279,277</u>	<u>\$ 4,157,281</u>
RESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 3,467,742</u>	<u>\$ 3,316,784</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 1,811,535</u>	<u>\$ 840,497</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Easements received	<u>\$ 202,497</u>	<u>\$ -</u>

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATIONS		
Operating income (loss)	\$ 1,063,559	\$ (203,135)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	6,388,825	5,404,998
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable - trade	(150,785)	758,782
Grant receivable	638,275	325,724
Inventory	106,534	(138,563)
Prepaid and other assets	5,312	109,700
Accounts payable - trade	(1,114,196)	(1,176,790)
Accrued payroll and payroll taxes	22,944	86,461
Accounts due others	(364,410)	(242,427)
Compensated absences payable	<u>(17,793)</u>	<u>30,169</u>
Total adjustments	<u>5,514,706</u>	<u>5,158,054</u>
Net cash provided by operations	<u>\$ 6,578,265</u>	<u>\$ 4,954,919</u>

The accompanying notes are an integral part of the financial statements.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

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, 2014 and 2013

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, 2014 and 2013

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:

	<u>Years</u>
Sewer and water lines	50
Buildings, pumps and lift stations	20 - 40
Machinery and equipment	10 - 15
Vehicles	5 - 10
Furniture and fixtures	7 - 12
Computer equipment	3 - 5
Improvements	10 - 40

Construction in process includes all of the District's costs to develop capital asset projects. The projects are funded through Board restriction of assets and construction loans. 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 no capitalized interest for the years ended December 31, 2014 and 2013.

Investments

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

Compensated Absences

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

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.

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses, Continued

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 \$4,040,849 and \$3,284,492 as of December 31, 2014 and 2013, 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, 50% and 52% in 2014 and 2013.

Subsequent Events

Management evaluated subsequent events through June 11, 2015, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2014, but prior to June 11, 2015 that provided additional evidence about conditions that existed at December 31, 2014, have been recognized in the financial statements for the year ended December 31, 2014. Events or transactions that provided evidence about conditions that did not exist at December 31, 2014 but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2014.

Reclassification

Certain reclassifications have been made to the 2013 amounts to conform to the 2014 presentation.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 2 - 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 \$2,155,070 and \$1,034,567 at December 31, 2014 and 2013, respectively. At December 31, 2014, the bank balance of \$3,454,010 was covered by federal depository insurance and \$3,204,010 was covered by collateral held by the pledging financial institution, but not in the name of the District. At December 31, 2013, the bank balance of \$2,453,096 was covered by federal depository insurance and \$2,203,096 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, 2014 and 2013**

NOTE 2 - 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 2014 and 2013, the District's investment in Federal Home Loan Bank Notes represents 15% and 12% of the District's total investments, respectively. The District's investment in Federal National Mortgage Association Notes represents 13% and 19% of the District's total investments in 2014 and 2013, respectively. The District's investment in Federal Home Loan Mortgage Corporation notes represents 11% and 17% in 2014 and 2013, respectively. In 2014 and 2013, the District's investment in Federal Farm Credit Bank notes represents 18% and 11% of the District's total investments, respectively.

As of December 31, 2014, the District has not established a formal policy relating to interest rate risk.

The District's investments and cash equivalents consist of the following:

<u>Investment</u>	2014		2013	
	Fair Value	Maturity (Less than 1 Year)	Fair Value	Maturity (Less than 1 Year)
U.S. Treasuries and Federal Agency obligations	\$ 4,697,720	\$ 721,284	\$ 4,862,625	\$ 1,757,427
Money market mutual funds	1,504,268	1,504,268	1,313,833	1,313,833
STAR Ohio	<u>2,088,425</u>	<u>2,088,425</u>	<u>2,087,732</u>	<u>2,087,732</u>
Total investments, including restricted	<u>\$ 8,290,413</u>	<u>\$ 4,313,977</u>	<u>\$ 8,264,190</u>	<u>\$ 5,158,992</u>

Investments held by the District at December 31, 2014 and 2013 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.

<u>Investment type</u>	2014		
	Fair Value	Not Rated	AAA
U.S. Agency bonds	\$ 4,697,720	\$ -	\$ 4,697,720
Money market mutual funds	1,504,268	1,504,268	-
Star Treasury Reserve of Ohio (STAROhio)	<u>2,088,425</u>	<u>-</u>	<u>2,088,425</u>
Total investments	<u>\$ 8,290,413</u>	<u>\$ 1,504,268</u>	<u>\$ 6,786,145</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits, Continued

<u>Investment type</u>	2013		
	<u>Fair Value</u>	<u>Not Rated</u>	<u>AAA</u>
U.S. Agency bonds	\$ 4,862,625	\$ -	\$ 4,862,625
Money market mutual funds	1,313,833	1,313,833	-
Star Treasury Reserve of Ohio (STAROhio)	<u>2,087,732</u>	<u>-</u>	<u>2,087,732</u>
Total investments	<u>\$ 8,264,190</u>	<u>\$ 1,313,833</u>	<u>\$ 6,950,357</u>

Classification in the statement of net position:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents:		
Unrestricted	\$ 1,811,535	\$ 840,497
Restricted for debt retirement	<u>3,467,742</u>	<u>3,316,784</u>
Total	<u>\$ 5,279,277</u>	<u>\$ 4,157,281</u>
Investments:		
Unrestricted	\$ 3,668,200	\$ 3,646,349
Restricted for debt retirement	<u>1,498,806</u>	<u>1,495,127</u>
Total	<u>\$ 5,167,006</u>	<u>\$ 5,141,476</u>

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2014 is as follows:

	<u>Balance at December 31, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at December 31, 2014</u>
Non-depreciable:					
Land	\$ 672,030	\$ -	\$ (3,400)	\$ -	\$ 668,630
Easements	17,485	202,497	-	-	219,982
Construction in progress	<u>9,983,954</u>	<u>10,706,978</u>	<u>(25,879)</u>	<u>(6,803,554)</u>	<u>13,861,499</u>
Total non-depreciable	<u>10,673,469</u>	<u>10,909,475</u>	<u>(29,279)</u>	<u>(6,803,554)</u>	<u>14,750,111</u>
Depreciable:					
Sewer and water lines	182,960,342	1,780,789	(317,522)	2,932,941	187,356,550
Buildings, pumps and lift station	28,616,530	-	(417,505)	3,674,706	31,873,731
Machinery and equipment	10,659,941	636,910	(1,396,596)	86,480	9,986,735
Vehicles	2,673,903	206,262	(300,757)	-	2,579,408
Furniture and fixtures	463,900	-	-	-	463,900
Computer equipment	1,185,151	96,966	(156,201)	109,427	1,235,343
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>233,139,771</u>	<u>2,720,927</u>	<u>(2,588,581)</u>	<u>6,803,554</u>	<u>240,075,671</u>
Totals at historical cost	<u>243,813,240</u>	<u>13,630,402</u>	<u>(2,617,860)</u>	<u>-</u>	<u>254,825,782</u>
Accumulated depreciation:					
Sewer and water lines	69,966,052	3,965,479	(119,889)	-	73,811,642
Buildings, pumps and lift station	8,335,027	1,236,599	(402,856)	-	9,168,770
Machinery and equipment	3,492,429	481,877	(1,259,935)	-	2,714,371
Vehicles	1,524,018	324,955	(291,086)	-	1,557,887
Furniture and fixtures	254,832	27,394	-	-	282,226
Computer equipment	843,934	154,320	(156,040)	-	842,214
Improvements - Oregon waste water treatment plant	<u>2,399,937</u>	<u>198,201</u>	<u>-</u>	<u>-</u>	<u>2,598,138</u>
Total accumulated depreciation	<u>86,816,229</u>	<u>6,388,825</u>	<u>(2,229,806)</u>	<u>-</u>	<u>90,975,248</u>
Capital assets, net	<u>\$ 156,997,011</u>	<u>\$ 7,241,577</u>	<u>\$ (388,054)</u>	<u>\$ -</u>	<u>\$ 163,850,534</u>

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital asset activity for the year ended December 31, 2013 is as follows:

	<u>Balance at December 31, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at December 31, 2013</u>
Non-depreciable:					
Land	\$ 672,030	\$ -	\$ -	\$ -	\$ 672,030
Easements	17,485	-	-	-	17,485
Construction in progress	<u>22,956,341</u>	<u>12,890,212</u>	<u>(31,023)</u>	<u>(25,831,576)</u>	<u>9,983,954</u>
Total non-depreciable	<u>23,645,856</u>	<u>12,890,212</u>	<u>(31,023)</u>	<u>(25,831,576)</u>	<u>10,673,469</u>
Depreciable:					
Sewer and water lines	167,027,077	536,582	-	15,396,683	182,960,342
Buildings, pumps and lift station	23,564,897	5,851	(83,070)	5,128,852	28,616,530
Machinery and equipment	5,482,523	387,378	-	4,790,040	10,659,941
Vehicles	2,131,999	832,124	(290,220)	-	2,673,903
Furniture and fixtures	350,234	113,666	-	-	463,900
Computer equipment	929,199	268,313	(12,361)	-	1,185,151
Improvements - Oregon waste water treatment plant	<u>5,927,947</u>	<u>136,056</u>	<u>-</u>	<u>516,001</u>	<u>6,580,004</u>
Total depreciable	<u>205,413,876</u>	<u>2,279,970</u>	<u>(385,651)</u>	<u>25,831,576</u>	<u>233,139,771</u>
Totals at historical cost	<u>229,059,732</u>	<u>15,170,182</u>	<u>(416,674)</u>	<u>-</u>	<u>243,813,240</u>
Accumulated depreciation:					
Sewer and water lines	66,441,191	3,524,861	-	-	69,966,052
Buildings, pumps and lift station	7,424,487	933,211	(22,671)	-	8,335,027
Machinery and equipment	3,112,613	379,816	-	-	3,492,429
Vehicles	1,455,615	247,490	(179,087)	-	1,524,018
Furniture and fixtures	228,075	26,757	-	-	254,832
Computer equipment	758,915	97,380	(12,361)	-	843,934
Improvements - Oregon waste water treatment plant	<u>2,204,454</u>	<u>195,483</u>	<u>-</u>	<u>-</u>	<u>2,399,937</u>
Total accumulated depreciation	<u>81,625,350</u>	<u>5,404,998</u>	<u>(214,119)</u>	<u>-</u>	<u>86,816,229</u>
Capital assets, net	<u>\$ 147,434,382</u>	<u>\$ 9,765,184</u>	<u>\$ (202,555)</u>	<u>\$ -</u>	<u>\$ 156,997,011</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 - DEBT

The District has 49 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, 2014 and 2013:

<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>2014</u>	<u>2013</u>
SS #140	09/29/94	\$ 1,065,000	4.18	07/01/14	\$ -	\$ 76,697
WL #234	07/27/95	5,496,313	6.36	01/01/16	681,766	1,104,795
WL #167 - 183	05/24/99	3,503,947	5.56	07/01/20	1,475,084	1,677,096
SS #904 & WL #904	08/31/00	1,660,596	3.0 - 6.39	01/01/21	732,506	820,917
WL #300	10/28/04	90,500	4.10	01/01/25	56,488	60,716
WL #318	09/31/04	338,000	4.56	07/01/24	206,467	222,444
SS #1000	11/04/04	168,224	4.56	07/01/24	103,119	111,099
Weston 2918	02/25/93	943,552	2.00	01/01/19	205,923	249,267
Weston 3587	09/26/01	560,079	1.50	07/01/23	272,816	300,925
Weston 4046	02/26/04	420,316	1.50	07/01/25	246,614	267,088
Williamsburg 5097	04/30/09	650,829	3.70	07/01/29	351,202	336,880
Northwood 2069	12/11/97	830,175	5.88	07/01/23	438,980	475,240
Northwood 2070	05/28/98	360,000	5.66	07/01/23	188,175	203,893
Weston 5730	10/27/10	908,842	3.41	01/01/31	694,274	725,174
Custar 444	01/26/06	782,759	1.50	01/01/37	618,643	641,602
Milton Center 4714	05/31/07	757,375	1.00	07/01/38	623,475	646,347
Metering 5865	05/26/11	1,969,940	4.45	07/01/31	1,679,169	1,758,391
Rossford 2495	10/31/96	2,048,159	4.12	01/01/17	356,010	488,557
Weston 5867	05/26/11	1,389,150	-	01/01/33	1,272,240	1,341,697
Bloomdale 4329 Country Manor SS Force	06/30/05	530,152	2.00	01/01/36	410,513	425,661
Main 6113	12/08/11	27,800	2.30	07/01/17	17,060	22,491
Rossford 6457	05/30/13	454,582	3.44	01/01/44	332,298	320,715
Rossford 6464	05/30/13	1,298,907	2.67	01/01/34	1,203,457	731,537
Rossford 6475	06/27/13	2,153,389	2.59	07/01/34	2,165,200	665,038
Oregon SS Basin 6539	09/26/13	325,165	3.39	01/01/19	112,743	55,682
Five Point 6581	10/31/13	1,105,909	2.89	07/01/34	709,155	259,723
Bairdstown 6019	09/28/11	21,000	-	07/01/17	11,600	15,800
Custar WL 6231	06/28/12	596,739	-	07/01/43	495,963	515,854
Cygnnet 6335	12/06/12	751,817	3.19	07/01/43	593,931	606,289
Five Point 6119	10/27/11	10,500	-	07/01/17	5,300	7,400
Ford Rd 6234	06/28/12	60,000	2.14	07/01/17	87,085	24,628
Homecraft SS Laterals 6309	10/25/12	554,528	2.48	07/01/33	472,552	494,270
Huffman Rd 6118	12/08/11	17,500	-	01/01/19	15,750	11,921
Jennings Rd 6382	01/31/13	767,692	2.94	01/01/44	759,633	765,190
Milton Center 6230	06/28/12	842,856	-	07/01/43	679,351	707,446
Morton Building 6396	02/28/13	381,694	3.09	01/01/43	369,788	377,786
Oregon SS Basin 6233	06/28/12	60,000	2.64	07/01/17	36,940	48,621
Perrysburg Twp 6260	08/30/12	193,950	3.36	07/01/42	180,318	184,274

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 - DEBT (CONTINUED)

<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>2014</u>	<u>2013</u>
Rossford Clearwell 6383	01/31/13	3,777,878	2.94	01/01/44	3,192,414	3,173,025
Rossford Tree St 6120	12/08/11	37,000	2.55	01/01/18	(10,612)	(3,493)
Rossford Tree St 6340	12/06/12	166,114	2.44	07/01/18	-	47,409
Rossford Tree St 6232	06/28/12	858,032	2.64	07/01/32	767,239	801,178
Rudolph 6107	12/08/11	10,000	-	01/01/18	7,000	9,000
Rudolph 6169	04/26/12	52,750	3.09	01/01/18	1,642	12,192
Stony Ridge 6397	02/28/13	694,644	1.98	01/01/44	687,533	694,644
Sugar Ridge 6308	10/25/12	79,275	2.00	01/01/18	23,643	11,872
SS100 Master Meter 6500	07/25/13	274,953	2.57	07/01/33	241,411	-
Walbridge Laterals 6583	10/31/13	540,638	3.59	07/01/34	471,754	-
Rossford Tree Streets PR 6644	12/12/13	509,997	3.37	01/01/35	389,953	-
Hillside Dr SS 6676	02/27/14	389,462	3.44	01/01/35	387,292	-
Rossford Citywide I & I 6641	12/13/13	460,927	3.37	07/01/34	460,927	-
Colony Pump Station 6449	04/25/13	15,000	2.49	01/01/19	6,624	-
Ampoint SS 6674	02/27/14	1,902,014	3.44	01/01/35	1,843,274	-
Rossford Colony PS 6580	10/31/13	53,184	3.59	07/01/19	40,849	-
Hufford Rd WL 6742	05/29/14	1,112,050	3.16	01/01/35	985,956	-
Rossford Colony I & I 6773	06/26/14	1,395,708	3.09	07/01/35	935,964	-
East Broadway WL 6766	06/26/14	714,388	2.59	01/01/35	568,183	-
100 Area WL 6741	05/29/14	356,451	3.16	01/01/35	178,177	-
Jennings Rd PS 6695	03/27/14	721,878	3.33	01/01/35	328,268	-
E Broadway WL 6747	05/29/14	369,454	4.00	01/01/45	1,316	-
Total					<u>\$ 30,370,395</u>	<u>\$ 22,494,978</u>

Other long-term loans at December 31, 2014 and 2013 are as follows:

<u>Date of Issue</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	
				<u>2014</u>	<u>2013</u>
08/13/98	Jerry City SS #1800 OPWC Loan	-	07/01/19	\$ 126,423	\$ 151,708
09/08/98	Jerry City SS #1800 USDA Loan	4.75	09/08/38	228,800	233,800
12/05/05	Easterly OPWC Loan	-	01/01/17	43,331	60,663
07/31/04	Jerry City WL #CE37F	-	01/01/25	101,913	111,619
11/03/04	Rudolph SS #CE33E	-	07/01/24	41,418	45,560
07/01/07	Village of Custar #CE411	-	01/01/27	15,625	16,875
08/29/11	Huntington Equipment Lease	2.08	08/29/16	94,135	149,035
06/01/96	OPWC Bloomdale CE827	3.00	01/01/16	18,845	33,352
07/01/06	OPWC Bloomdale CT17H	-	07/01/26	10,985	11,901
07/01/14	OPWC Rossford Tree St SS Improvements	-	01/01/34	161,375	163,827
12/05/13	Huntington Equipment Lease 2013	2.05	12/05/18	580,836	718,760
Total				<u>\$ 1,423,686</u>	<u>\$ 1,697,100</u>

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 - DEBT (CONTINUED)

Bonded debt at December 31, 2014 and 2013 is as follows:

Date of Issue	Purpose	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	
					2014	2013
09/17/96	Special Assessment Bond	\$ 277,159	6.20	12/01/16	\$ 28,000	\$ 42,000
10/01/98	Special Assessment Bond	360,000	4.25 - 5.25	10/01/18	80,000	95,000
09/23/99	Special Assessment Bond	500,000	5.85	12/01/19	180,000	210,000
09/20/00	Special Assessment Bond	175,000	6.13	12/01/20	55,000	65,000
03/20/03	USDA Building Construction	2,975,000	4.63	03/20/33	2,309,891	2,384,923
06/28/04	USDA Revenue Bond	796,000	4.375	06/01/44	709,200	720,600
09/15/04	Revenue Bond	2,165,000	2.00 - 5.00	12/01/24	1,312,576	1,414,919
09/15/04	Special Assessment Bond	2,000,000	2.00 - 5.00	12/01/24	1,195,000	1,290,000
08/01/05	Revenue Bond	1,200,000	3.00 - 5.00	12/01/25	805,108	858,300
08/16/06	Special Assessment Bond	1,010,000	4.00 - 4.65	12/31/26	715,000	760,000
02/16/06	Rotary Commission Loan	168,026	5.00	03/01/26	125,622	125,622
08/27/08	Revenue Bond	6,910,000	3.00 - 5.00	12/01/28	5,400,000	5,675,000
09/03/08	Special Assessment Bond	2,205,000	3.00	12/01/28	1,790,737	1,878,716
05/27/09	USDA Revenue Bond	2,400,000	4.25	05/01/49	2,270,400	2,298,500
06/08/10	2010 Special Assessment Bond	2,350,000	3.50 - 6.28	12/01/30	2,045,001	2,125,000
06/08/10	2010 Revenue Bond	2,350,000	5.00 - 6.23	12/01/30	2,055,001	2,135,000
09/26/12	USDA Cygnet Water	638,879	2.75	06/01/42	610,515	624,893
09/26/12	USDA Cygnet Sewer	967,990	2.75	06/01/42	925,074	946,800
03/23/12	2012 Revenue Bond	3,870,000	2.00 - 4.00	12/01/31	3,123,444	3,368,444
03/23/12	2012 Special Assessment Bond	2,880,000	2.00 - 4.00	12/01/24	2,374,550	2,614,551
09/26/12	USDA Building Renovation	2,787,892	2.75	06/01/42	2,991,211	3,061,608
06/28/12	USDA West Millgrove	291,385	2.00	06/01/52	609,139	619,739
06/28/12	USDA Hoytville	671,807	2.00	06/01/52	649,361	660,661
01/03/13	USDA Stony Ridge	1,945,000	2.50	01/01/53	<u>1,916,100</u>	<u>1,945,000</u>
Total					<u>\$ 34,275,930</u>	<u>\$ 35,920,276</u>

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

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 4 - DEBT (CONTINUED)

Long-term debt activity for the years ended December 31, 2014 and 2013 is as follows:

	2014				
	Balance at December 31, 2013	Additions	Reductions	Balance at December 31, 2014	Amount Due in 2015
OWDA:					
SS #140	\$ 76,697	\$ -	\$ 76,697	\$ -	\$ -
WL #234	1,104,795	-	423,029	681,766	449,934
WL #167 - 183	1,677,096	-	202,012	1,475,084	212,411
SS #904 & WL #904	820,917	-	88,411	732,506	95,151
SS #1000	111,099	-	7,980	103,119	8,348
WL #300	60,716	-	4,228	56,488	4,403
Weston 2918	249,267	-	43,344	205,923	44,211
Weston 3587	300,925	-	28,109	272,816	28,533
Weston 4046	267,088	-	20,474	246,614	20,782
Williamsburg 5097	336,880	14,322	-	351,202	16,355
Custar 4444	641,602	-	22,959	618,643	23,304
Milton Center 4714	646,347	-	22,872	623,475	23,107
Weston Water Tower 5730	725,174	-	30,900	694,274	31,963
Fixed Base Metering 5865	1,758,391	-	79,222	1,679,169	68,426
Rossford 2495	488,557	-	132,547	356,010	138,064
Weston 5867	1,341,697	-	69,457	1,272,240	68,805
SS100 Master Meter	-	241,411	-	241,411	9,999
Walbridge Laterals 6583	-	471,754	-	471,754	16,473
Tree St Pipe relining 6644	-	389,953	-	389,953	6,909
Hillside Dr SS 6676	-	387,292	-	387,292	6,810
Rossford I & I 6641	-	460,927	-	460,927	16,470
Rossford Colony PS 6449	-	6,624	-	6,624	1,409
Ampoint SS 6674	-	1,843,274	-	1,843,274	32,413
Rossford Colony PS 6580	-	40,849	-	40,849	7,599
Hufford Rd WL 6742	-	985,956	-	985,956	17,862
Rossford Colony I & I 6773	-	935,964	-	935,964	-
East Broadway WL 6766	-	568,183	-	568,183	10,932
100 Area WL 6741	-	178,177	-	178,177	3,228
Jennings Rd Ps 6695	-	328,268	-	328,268	5,859
E Broadway WL 6747	-	1,316	-	1,316	1,316
OPWC - Custar	16,875	-	1,250	15,625	1,250
Jerry City SS #1800 OPWC Loan	151,708	-	25,285	126,423	25,285
Jerry City SS #1800 USDA Loan	233,800	-	5,000	228,800	5,400
Jerry City WL #CE37F (WL 318)	111,619	-	9,706	101,913	9,706
Easterly OPWC Loan	60,663	-	17,332	43,331	17,332
Rudolph SS1000 #CE33E	45,560	-	4,142	41,418	4,142
Bloomdale CW827 OPWC	33,352	-	14,507	18,845	13,770
Bloomdale CT17H OPWC	11,901	-	916	10,985	915
Special assessments bond - WL 183C	42,000	-	14,000	28,000	14,000
Special assessments bond	95,000	-	15,000	80,000	20,000
Special assessments bond - 1999	210,000	-	30,000	180,000	30,000
Special assessments bond - 2000	65,000	-	10,000	55,000	10,000
USDA building construction	2,384,923	-	75,032	2,309,891	78,502
USDA Revenue Bond - Rudolph Bond	720,600	-	11,400	709,200	11,900
Special Assessment Bond - Series 2004B	1,390,000	-	100,000	1,290,000	105,000
Revenue Bond - Series 2004A	1,290,000	-	95,000	1,195,000	100,000
OWDA Jerry City - WL 318	222,444	-	15,977	206,467	16,714
Revenue bond - Series 2005A	820,001	-	50,000	770,001	55,000
2006A Special Assessment Bond	760,000	-	45,000	715,000	45,000
Rotary Commission Loan	125,622	-	-	125,622	125,622
2008 Revenue Bond	5,675,000	-	275,000	5,400,000	285,000

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 - DEBT (CONTINUED)

	2014				Amount Due in 2015
	Balance at December 31, 2013	Additions	Reductions	Balance at December 31, 2014	
2008 Special Assessment Bond	1,835,000	-	85,000	1,750,000	90,000
OWDA Northwood - 2069	475,240	-	36,260	438,980	38,391
OWDA Northwood - 2070	203,893	-	15,718	188,175	16,608
USDA Rising Sun	2,298,500	-	28,100	2,270,400	29,300
2010 Revenue Bonds	2,135,000	-	79,999	2,055,001	85,000
2010 Special Assessment Bonds	2,125,000	-	79,999	2,045,001	85,000
Huntington Equipment Lease	149,035	-	54,900	94,135	55,797
USDA Cygnet Water	624,893	-	14,378	610,515	14,754
USDA Cygnet Sewer	946,800	-	21,726	925,074	22,355
OWDA Bloomdale 4329	425,661	-	15,148	410,513	15,452
OWDA Country Manor	22,491	-	5,431	17,060	5,557
USDA Building Renovation	3,061,608	-	70,397	2,991,211	72,318
USDA West Millgrove	619,739	-	10,600	609,139	10,854
USDA Hoytville	660,661	-	11,300	649,361	11,609
Series 2012 Revenue Bonds	3,337,926	-	245,000	3,092,926	245,000
Series 2012 Special assessment bonds	2,541,964	-	240,001	2,301,963	240,000
OWDA:					
Rossford 6457	320,715	15,970	4,387	332,298	6,645
Rossford 6464	731,537	496,702	24,782	1,203,457	47,756
Rossford 6475	665,038	1,500,162	-	2,165,200	83,854
Oregon SS Basin 6539	55,682	87,174	30,113	112,743	23,601
Five Point 6581	259,723	449,432	-	709,155	26,632
Bairdstown 6019	15,800	-	4,200	11,600	4,200
Custar WL 6231	515,854	-	19,891	495,963	17,195
Cygnet 6335	606,289	2,901	15,259	593,931	12,700
Five Point 6119	7,400	-	2,100	5,300	2,100
Ford Rd 6234	24,628	89,972	27,515	87,085	28,270
Homecraft SS Laterals 6309	494,270	-	21,718	472,552	19,841
Huffman Rd 6118	11,921	5,579	1,750	15,750	3,500
Jennings Rd 6382	765,190	2,502	8,059	759,633	16,422
Milton Center 6230	707,446	-	28,095	679,351	23,582
Morton Building 6396	377,786	-	7,998	369,788	8,247
Oregon SS Basin 6233	48,621	-	11,681	36,940	11,992
Perrysburg Twp 6260	184,274	-	3,956	180,318	3,965
Rossford Clearwell 6383	3,173,025	29,049	9,660	3,192,414	69,240
Rossford Tree St 6120	(3,493)	-	7,119	(10,612)	-
Rossford Tree St 6340	47,409	-	47,409	-	-
Rossford Tree St 6232	801,178	-	33,939	767,239	35,691
Rudolph 6107	9,000	-	2,000	7,000	2,000
Rudolph 6169	12,192	-	10,550	1,642	1,642
Stony Ridge 6397	694,644	-	7,111	687,533	14,555
Sugar Ridge 6308	11,872	27,158	15,387	23,643	6,590
OPWC - Rossford Tree St SS Improvements	163,827	-	2,452	161,375	8,191
USDA - Stony Ridge	1,945,000	-	28,900	1,916,100	29,500
Equipment Lease - Huntington 2013	718,760	-	137,924	580,836	140,778
Unamortized discount	(28,313)	-	(2,428)	(25,885)	-
Unamortized premium	210,039	-	8,514	201,525	-
Total	\$ 60,084,041	\$ 9,560,871	\$ 3,600,786	\$ 66,044,126	\$ 4,032,298

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 - DEBT (CONTINUED)

	2013				
	Balance at December 31, 2012	Additions	Reductions	Balance at December 31, 2013	Amount Due in 2014
OWDA:					
SS #140	\$ 150,274	\$ -	\$ 73,577	\$ 76,697	\$ 76,697
WL #234	1,502,528	-	397,733	1,104,795	423,029
WL #167 - 183	1,868,327	-	191,231	1,677,096	202,012
SS #904 & WL #904	903,938	-	83,021	820,917	88,412
SS #1000	118,727	-	7,628	111,099	7,980
WL #300	64,776	-	4,060	60,716	4,228
Weston 2918	291,761	-	42,494	249,267	43,344
Weston 3587	328,618	-	27,693	300,925	28,109
Weston 4046	287,258	-	20,170	267,088	20,474
Williamsburg 5097	388,641	-	51,761	336,880	15,767
Custar 4444	664,221	-	22,619	641,602	22,959
Milton Center 4714	668,998	-	22,651	646,347	22,878
Weston Water Tower 5730	743,408	-	18,234	725,174	30,900
Stony Ridge 5744	1,991,357	-	1,991,357	-	-
Fixed Base Metering 5865	1,632,248	126,143	-	1,758,391	65,480
Rossford 2495	615,807	-	127,250	488,557	132,547
Weston 5867	1,376,426	-	34,729	1,341,697	68,805
OPWC - Custar	18,125	-	1,250	16,875	1,250
Jerry City SS #1800 OPWC Loan	176,992	-	25,284	151,708	25,284
Jerry City SS #1800 USDA Loan	238,700	-	4,900	233,800	5,000
W. Boundary Rehab OPWC Loan	17,298	-	17,298	-	-
Jerry City WL #CE37F (WL 318)	121,326	-	9,707	111,619	9,706
Easterly OPWC Loan	77,995	-	17,332	60,663	17,332
Rudolph SS1000 #CE33E	49,702	-	4,142	45,560	4,142
Bloomdale CW827 OPWC	41,322	-	7,970	33,352	13,366
Bloomdale CT17H OPWC	12,358	-	457	11,901	916
Special assessments bond - WL 183C	55,000	-	13,000	42,000	14,000
Special assessments bond	110,000	-	15,000	95,000	15,000
Special assessments bond - 1999	240,000	-	30,000	210,000	30,000
Special assessments bond - 2000	75,000	-	10,000	65,000	10,000
USDA building construction	2,456,639	-	71,716	2,384,923	75,032
Special assessments bond - 2003	60,000	-	60,000	-	-
USDA Revenue Bond - Rudolph Bond	731,500	-	10,900	720,600	11,400
Special Assessment Bond - Series 2004B	1,490,000	-	100,000	1,390,000	100,000
Revenue Bond - Series 2004A	1,380,000	-	90,000	1,290,000	95,000
OWDA Jerry City - WL 318	237,718	-	15,274	222,444	15,978
Revenue bond - Series 2005A	870,001	-	50,000	820,001	50,000
2006A Special Assessment Bond	800,000	-	40,000	760,000	45,000
Rotary Commission Loan	125,622	-	-	125,622	125,622
2008 Revenue Bond	5,940,000	-	265,000	5,675,000	275,000
2008 Special Assessment Bond	1,920,000	-	85,000	1,835,000	85,000
OWDA Northwood - 2069	509,485	-	34,245	475,240	36,259
OWDA Northwood - 2070	218,770	-	14,877	203,893	15,718
USDA Rising Sun	2,325,500	-	27,000	2,298,500	28,100
2010 Revenue Bonds	2,210,000	-	75,000	2,135,000	80,000

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 - DEBT (CONTINUED)

	2013				Amount Due in 2014
	Balance at December 31, 2012	Additions	Reductions	Balance at December 31, 2013	
2010 Special Assessment Bonds	2,205,000	-	80,000	2,125,000	80,000
Huntington Equipment Lease	202,804	-	53,769	149,035	55,011
USDA Cygnet Water	638,879	-	13,986	624,893	14,364
USDA Cygnet Sewer	967,990	-	21,190	946,800	21,763
OWDA Bloomdale 4329	433,122	-	7,461	425,661	15,148
OWDA Country Manor	27,800	-	5,309	22,491	5,432
USDA Building Renovation	2,787,892	273,716	-	3,061,608	70,384
USDA West Millgrove	291,385	328,354	-	619,739	10,642
USDA Hoytville	671,807	-	11,146	660,661	11,300
Series 2012 Revenue Bonds	3,587,926	-	250,000	3,337,926	245,000
Series 2012 Special Assessment Bonds	2,721,960	-	179,996	2,541,964	240,000
Huntington Bank Bond	3,600,000	-	3,600,000	-	-
OWDA:					
Rossford 6457	-	320,715	-	320,715	3,095
Rossford 6464	-	731,537	-	731,537	13,958
Rossford 6475	-	665,038	-	665,038	-
Oregon SS Basin 6539	-	55,682	-	55,682	5,157
Five Point 6581	-	259,723	-	259,723	-
Bairdstown 6019	-	15,800	-	15,800	4,200
Custar WL 6231	-	515,854	-	515,854	17,195
Cygnet 6335	-	606,289	-	606,289	12,305
Five Point 6119	-	7,400	-	7,400	2,100
Ford Rd 6234	-	24,628	-	24,628	5,962
Homecraft SS Laterals 6309	-	494,270	-	494,270	19,358
Huffman Rd 6118	-	11,921	-	11,921	1,192
Jennings Rd 6382	-	765,190	-	765,190	8,033
Milton Center 6230	-	707,446	-	707,446	23,582
Morton Building 6396	-	377,786	-	377,786	7,998
Oregon SS Basin 6233	-	48,621	-	48,621	11,681
Perrysburg Twp 6260	-	184,274	-	184,274	3,835
Rossford Clearwell 6383	-	3,173,025	-	3,173,025	33,310
Rossford Tree St 6120	-	(3,493)	-	(3,493)	-
Rossford Tree St 6340	-	47,409	-	47,409	-
Rossford Tree St 6232	-	801,178	-	801,178	34,767
Rudolph 6107	-	9,000	-	9,000	2,000
Rudolph 6169	-	12,192	-	12,192	2,709
Stony Ridge 6397	-	694,644	-	694,644	7,112
Sugar Ridge 6308	-	11,872	-	11,872	2,548
OPWC - Rossford Tree St SS Improvements	-	163,827	-	163,827	4,096
USDA - Stony Ridge Equipment Lease - Huntington	-	1,945,000	-	1,945,000	28,900
2013	-	718,760	-	718,760	137,924
Unamortized Discounts	(30,741)	-	(2,428)	(28,313)	-
Unamortized Premium	218,553	-	8,514	210,039	-
Total	\$ 54,430,743	\$ 14,093,801	\$ 8,440,503	\$ 60,084,041	\$ 3,599,787

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 5 - DEBT SERVICE REQUIREMENTS

The annual principal and interest requirements on all long-term debt outstanding at December 31, 2014 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,032,298	\$ 2,203,687	\$ 6,235,985
2016	3,702,048	2,166,003	5,868,051
2017	3,468,006	2,028,137	5,496,143
2018	3,643,201	1,906,092	5,549,293
2019	3,477,360	1,768,117	5,245,477
2020 - 2024	16,141,310	7,104,528	23,245,838
2025 - 2029	13,388,910	4,083,116	17,472,026
2030 - 2034	8,923,021	1,943,499	10,866,520
2035 - 2039	3,872,116	998,374	4,870,490
2040 - 2044	3,219,401	481,718	3,701,119
2045 - 2049	1,093,597	160,775	1,254,372
2050 - 2054	<u>1,082,858</u>	<u>23,970</u>	<u>1,106,828</u>
Total	<u>\$ 66,044,126</u>	<u>\$ 24,868,016</u>	<u>\$ 90,912,142</u>

At December 31, 2014 and 2013, respectively, the District had \$4,966,548 and \$4,811,911 in cash and cash equivalents and investments restricted in accordance with loan agreements.

NOTE 6 - COUNTY DEBT OBLIGATIONS

The County has issued special assessment debt on behalf of the District to fund District projects. This debt will be paid from the proceeds of special assessments levied against those property owners that benefited from the projects. In the event that property owners fail to make their special assessment payments, the County is responsible for the annual principal and interest payments. At December 31, 2014 and 2013, \$2,000 and \$54,000, respectively, in special assessment debt related to the District is outstanding. This debt is backed by the full faith and credit of the County and is not reflected in the District's financial statements.

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 2013 and 2014, the County made no withdrawals from the reserves. The reserve balance is \$204,171 as of December 31, 2014 and 2013.

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.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 6 - COUNTY DEBT OBLIGATIONS (CONTINUED)

At December 31, 2014 and 2013, \$1,877,711 and \$1,884,887, 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 2014 and 2013, or in prior years on this reserve.

NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS

The employees of the District are covered by the Public Employees Retirement System of Ohio (OPERS), a statewide cost-sharing, multiple-employer defined benefit pension plan. 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 provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-614-222-5601 or 1-800-222-PERS (7377).

OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan ("TP") - a cost-sharing, multiple-employer defined benefit pension plan.
- The Member-Directed Plan ("MD") - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- The Combined Plan ("CO") - a cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which are self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for ancillary benefits.

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. In 2014 and 2013, members other than law enforcement personnel were required to contribute 10.0% of their covered payroll to OPERS. 2014 and 2013 employer contribution rates for local government employer units were 14.0% of covered payroll including 2% and 1% that is used to fund postretirement health care benefits for 2014 and 2013, respectively. The District's total contributions to OPERS for pension benefits (excluding the amount relating to postretirement health care benefits) for the years ended December 31, 2014, 2013 and 2012 were \$492,962, \$471,915, and \$427,971, respectively, equal to 100% of the required contribution for each year.

Benefits Provided through OPERS

The District provides health care benefits as a post-employment benefit (as defined by GASB Statement No. 45) through its contributions to OPERS. In addition to the pension benefit described above, 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 TP and CO Plans. Members of the MD 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 TP and CO 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.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. For the District, the contribution rate used to fund health care was 2.0% of covered payroll for 2014 and 1.0% of covered payroll for 2013. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

OPEB provided through OPERS are advance-funded on an actuarially determined basis.

The District's contributions to OPERS for other post-employment benefits for the years ended December 31, 2014, 2013, and 2012 were \$66,660, \$31,146, and \$116,518, respectively, equal to 100% of the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS (CONTINUED)

Benefits Provided through OPERS, Continued

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*. This statement makes significant changes to the manner in which governments, include the District, must account for and report the pensions provided to their employees. Among other requirements, Statement No. 68 will require the District to record a liability equal to its proportionate share of the total net pension liability of all participating employers in OPERS, and it will require the District to record expense equal to its proportionate share of total pension expense of all participating employers in OPERS. Currently, the District's pension expense is equal to its required contributions to OPERS, and a liability is recorded only when actual contributions are less than the required amount. Statement No. 68 will require additional footnote disclosures as well. This statement is effective for the District in the year ending December 31, 2015, and as such, the District has not yet determined the impact that this statement will have on its financial statements.

In November, 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." This statement addresses an issue regarding application of the transition provision of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will not be effective for the District until the year ending December 31, 2015, and as such, the District has not yet determined the impact that this statement will have on its financial statements.

NOTE 8 - 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.

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.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 8 - COMPENSATED ABSENCES (CONTINUED)

Compensated absences activity for the years ended December 31, 2014 and 2013 is as follows:

	<u>December 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2014</u>
Sick leave payable	\$ 208,542	\$ 2,364	\$ 15,810	\$ 195,096
Vacation pay	137,259	163,108	173,826	126,541
Compensatory time	49,925	95,392	89,021	56,296
Total	<u>\$ 395,726</u>	<u>\$ 260,864</u>	<u>\$ 278,657</u>	<u>\$ 377,933</u>

	<u>December 31, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2013</u>
Sick leave payable	\$ 195,266	\$ 29,086	\$ 15,810	\$ 208,542
Vacation pay	129,068	182,017	173,826	137,259
Compensatory time	41,223	97,723	89,021	49,925
Total	<u>\$ 365,557</u>	<u>\$ 308,826</u>	<u>\$ 278,657</u>	<u>\$ 395,726</u>

The District estimates \$198,838 of compensated absences will be paid in 2015.

NOTE 9 - 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 2014 and 2013. There have been no significant reductions in insurance coverage from 2010 and no insurance settlement has exceeded insurance coverage during the last five years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

The District has received financial assistance from federal 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, 2014.

Construction Commitments

At December 31, 2014, the District has construction commitments, on which work has not commenced, totaling approximately \$3,553,459 which will be funded by existing resources or the issuance of new revenue debt. All projects were current at December 31, 2014.

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.

**NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013**

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2014, there are four such ordered areas with preliminary or updated cost estimates totaling \$3.9 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 \$3,436,483 at December 31, 2014 in potential receivables related to special assessments that have been deferred by the County. The special assessments were deferred on properties, \$1,877,711 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.

NOTE 11 - SEGMENT INFORMATION

Significant financial data for the respective divisions of the December 31, 2014 and 2013 is as follows:

Statement of Net Position

	2014			2013		
	Water	Sewer	Total	Water	Sewer	Total
Current assets	\$ 7,531,462	\$ 7,748,798	\$ 15,280,260	\$ 7,352,080	\$ 7,302,784	\$ 14,654,864
Capital assets	73,581,257	90,269,277	163,850,534	71,209,426	85,787,585	156,997,011
Other assets	5,712,666	5,942,556	11,655,222	6,213,716	3,314,274	9,527,990
Total assets	<u>86,825,385</u>	<u>103,960,631</u>	<u>190,786,016</u>	<u>84,775,222</u>	<u>96,404,643</u>	<u>181,179,865</u>
Deferred outflows of resources	45,798	16,590	62,388	52,210	18,451	70,661
Current liabilities	2,828,961	5,005,451	7,834,412	4,294,982	4,391,363	8,686,345
Long-term liabilities	<u>29,592,428</u>	<u>32,598,495</u>	<u>62,190,923</u>	<u>27,675,467</u>	<u>29,001,329</u>	<u>56,676,796</u>
Total liabilities	<u>32,421,389</u>	<u>37,603,946</u>	<u>70,025,335</u>	<u>31,970,449</u>	<u>33,392,692</u>	<u>65,363,141</u>
Deferred inflows of resources	143,125	51,759	194,884	256,779	62,441	319,220
Net investment in capital assets	44,823,243	57,579,493	102,402,736	44,476,543	57,025,955	101,502,498
Restricted	2,977,800	1,988,748	4,966,548	2,938,130	1,873,781	4,811,911
Unrestricted	<u>6,505,626</u>	<u>6,753,275</u>	<u>13,258,901</u>	<u>5,185,531</u>	<u>4,068,225</u>	<u>9,253,756</u>
Total net position	<u>\$ 54,306,669</u>	<u>\$ 66,321,516</u>	<u>\$ 120,628,185</u>	<u>\$ 52,600,204</u>	<u>\$ 62,967,961</u>	<u>\$ 115,568,165</u>

NORTHWESTERN WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 11 - SEGMENT INFORMATION (CONTINUED)

Statements of Revenues, Expenses, and Change in Net Position

	2014			2013		
	Water	Sewer	Total	Water	Sewer	Total
Utility revenues	\$ 12,084,386	\$ 7,302,593	\$ 19,386,979	\$ 10,049,093	\$ 5,804,560	\$ 15,853,653
Other revenues	645,299	327,851	973,150	617,778	754,408	1,372,186
Total operating revenues	12,729,685	7,630,444	20,360,129	10,666,871	6,558,968	17,225,839
Depreciation and amortization	2,729,228	3,659,597	6,388,825	2,302,774	3,102,224	5,404,998
Other operating expenses	8,508,967	4,398,778	12,907,745	7,834,890	4,189,086	12,023,976
Total operating expenses	11,238,195	8,058,375	19,296,570	10,137,664	7,291,310	17,428,974
Operating income (loss)	1,491,490	(427,931)	1,063,559	529,207	(732,342)	(203,135)
Interest expense	(1,192,844)	(1,103,970)	(2,296,814)	(964,493)	(973,488)	(1,937,981)
Other nonoperating revenues	(42,441)	187,239	144,798	283,399	168,678	452,077
Total non-operating revenues (expenses)	(1,235,285)	(916,731)	(2,152,016)	(681,094)	(804,810)	(1,485,904)
Aid in construction	1,450,260	4,698,217	6,148,477	3,684,238	2,013,469	5,697,707
Change in net position	1,706,465	3,353,555	5,060,020	3,532,351	476,317	4,008,668
Net position:						
Beginning of year	52,600,204	62,967,961	115,568,165	49,067,853	62,491,644	111,559,497
End of year	\$ 54,306,669	\$ 66,321,516	\$ 120,628,185	\$ 52,600,204	\$ 62,967,961	\$ 115,568,165

Statement of Cash Flows

	2014			2013		
	Water	Sewer	Total	Water	Sewer	Total
Net cash provided by operating activities	\$ 3,099,818	\$ 3,478,447	\$ 6,578,265	\$ 2,975,835	\$ 1,979,084	\$ 4,954,919
Capital and related financing	(2,560,559)	(3,358,801)	(5,919,360)	(2,810,815)	(2,181,003)	(4,991,818)
Investing	294,192	168,899	463,091	287,619	182,961	470,580
Cash at beginning of year	2,274,745	1,882,536	4,157,281	1,822,106	1,901,494	3,723,600
Cash at end of year	\$ 3,108,196	\$ 2,171,081	\$ 5,279,277	\$ 2,274,745	\$ 1,882,536	\$ 4,157,281

This information is an integral part of the accompanying financial statements.

OTHER SUPPLEMENTARY INFORMATION

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
REVENUES				
Operating revenue:				
Utility revenues	\$ 18,196,000	\$ 19,196,000	\$ 19,386,979	\$ 190,979
Other operating revenues	830,000	830,000	973,150	143,150
Non-operating revenue - interest	495,000	495,000	488,621	(6,379)
Total revenues	19,521,000	20,521,000	20,848,750	327,750
EXPENSES				
Operating expenses:				
Operations and maintenance	12,907,948	13,357,948	12,907,745	450,203
Debt retirement	3,332,209	3,332,209	6,124,854	(2,792,645)
Total expenses	16,240,157	16,690,157	19,032,599	(2,342,442)
Operating income	3,280,843	3,830,843	1,816,151	(2,014,692)
RECONCILIATION TO CHANGE IN NET POSITION				
Aid on construction:				
Grants	1,264,282	1,264,282	499,803	(764,479)
System development fees	350,000	350,000	334,895	(15,105)
Other	-	-	1,461,463	1,461,463
Antidegradation credits	25,000	25,000	-	(25,000)
Special assessment principal	1,393,926	1,393,926	3,852,316	2,458,390
Total aid in construction	3,033,208	3,033,208	6,148,477	3,115,269
CHANGE IN NET POSITION	\$ 6,314,051	\$ 6,864,051	\$ 7,964,628	\$ 1,100,577

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 July 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 2014 financial statements is as follows:

Change in net position	\$ 7,964,628
Depreciation	(6,388,825)
Principal payments on debt	3,484,217
Change in net position	\$ 5,060,020

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION
INFORMATION BY DIVISION
December 31, 2014

ASSETS	Water	Sewer	Eliminations	Combined
CURRENT ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 1,629,202	\$ 182,333	\$ -	\$ 1,811,535
Restricted	1,478,994	1,988,748	-	3,467,742
Investments:				
Unrestricted	448,001	3,220,199	-	3,668,200
Restricted	1,498,806	-	-	1,498,806
Accounts receivable - trade	1,227,349	1,541,140	-	2,768,489
Grants receivable	143,125	51,759	-	194,884
Current portion of special assessments	513,269	517,294	-	1,030,563
Inventory	534,813	184,597	-	719,410
Prepaid expenses	57,903	62,728	-	120,631
	<u>7,531,462</u>	<u>7,748,798</u>	<u>-</u>	<u>15,280,260</u>
Total current assets				
NONCURRENT ASSETS				
Capital assets:				
Sewer and waterlines	76,271,724	111,084,826	-	187,356,550
Buildings, pumps and life stations	15,266,018	16,607,713	-	31,873,731
Machinery and equipment	5,111,611	4,875,124	-	9,986,735
Vehicles	927,143	1,652,265	-	2,579,408
Furniture and fixtures	201,668	262,232	-	463,900
Computer equipment	398,027	837,316	-	1,235,343
Improvements - Oregon waste water treatment plant	3,394,518	3,185,486	-	6,580,004
	<u>101,570,709</u>	<u>138,504,962</u>	<u>-</u>	<u>240,075,671</u>
Total depreciable capital assets				
Accumulated depreciation	<u>(33,451,361)</u>	<u>(57,523,887)</u>	<u>-</u>	<u>(90,975,248)</u>
Net depreciable capital assets	68,119,348	80,981,075	-	149,100,423
Land	233,777	434,853	-	668,630
Easements	38,903	181,079	-	219,982
Construction in process	5,189,229	8,672,270	-	13,861,499
	<u>73,581,257</u>	<u>90,269,277</u>	<u>-</u>	<u>163,850,534</u>
Net capital assets				
OTHER ASSETS				
Special assessments, less current portion	5,679,653	5,696,120	-	11,375,773
Reserve with county commissioners	32,880	246,291	-	279,171
Miscellaneous	800,133	145	(800,000)	278
	<u>6,512,666</u>	<u>5,942,556</u>	<u>(800,000)</u>	<u>11,655,222</u>
Total other assets				
Total noncurrent assets	<u>80,093,923</u>	<u>96,211,833</u>	<u>(800,000)</u>	<u>175,505,756</u>
Total assets	<u>87,625,385</u>	<u>103,960,631</u>	<u>(800,000)</u>	<u>190,786,016</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>45,798</u>	<u>16,590</u>	<u>-</u>	<u>62,388</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 87,671,183</u>	<u>\$ 103,977,221</u>	<u>\$ (800,000)</u>	<u>\$ 190,848,404</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION
INFORMATION BY DIVISION
December 31, 2014**

LIABILITIES AND NET POSITION	Water	Sewer	Eliminations	Combined
CURRENT LIABILITIES				
Current portion of long-term debt	\$ 2,121,381	\$ 1,910,917	\$ -	\$ 4,032,298
Current portion of compensated absences	93,454	105,384	-	198,838
Accounts payable - trade	823,568	1,583,540	(800,000)	1,607,108
Accrued payroll and payroll taxes	161,245	175,726	-	336,971
Accrued interest payable	366,661	420,093	-	786,754
Amounts due others	62,652	809,791	-	872,443
Total current liabilities	<u>3,628,961</u>	<u>5,005,451</u>	<u>(800,000)</u>	<u>7,834,412</u>
LONG-TERM DEBT , less current portion	29,508,253	32,503,575	-	62,011,828
Compensated absences payable	84,175	94,920	-	179,095
Total long-term liabilities	<u>29,592,428</u>	<u>32,598,495</u>	<u>-</u>	<u>62,190,923</u>
Total liabilities	<u>33,221,389</u>	<u>37,603,946</u>	<u>(800,000)</u>	<u>70,025,335</u>
DEFERRED INFLOWS OF RESOURCES	<u>143,125</u>	<u>51,759</u>	<u>-</u>	<u>194,884</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 33,364,514</u>	<u>\$ 37,655,705</u>	<u>\$ (800,000)</u>	<u>\$ 70,220,219</u>
NET POSITION				
Net investment in capital assets	\$ 44,823,243	\$ 57,579,493	-	\$ 102,402,736
Restricted	2,977,800	1,988,748	-	4,966,548
Unrestricted	6,505,626	6,753,275	-	13,258,901
TOTAL NET POSITION	<u>\$ 54,306,669</u>	<u>\$ 66,321,516</u>	<u>\$ -</u>	<u>\$ 120,628,185</u>

**NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION
INFORMATION BY DIVISION
December 31, 2013**

ASSETS	Water	Sewer	Eliminations	Combined
CURRENT ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 831,742	\$ 8,755	\$ -	\$ 840,497
Restricted	1,443,003	1,873,781	-	3,316,784
Investments:				
Unrestricted	442,851	3,203,498	-	3,646,349
Restricted	1,495,127	-	-	1,495,127
Accounts receivable - trade	1,199,396	1,418,308	-	2,617,704
Grants receivable	732,095	225,400	-	957,495
Current portion of special assessments	511,349	333,849	-	845,198
Inventory	643,829	182,115	-	825,944
Prepaid expenses	52,688	57,078	-	109,766
	<u>7,352,080</u>	<u>7,302,784</u>	<u>-</u>	<u>14,654,864</u>
Total current assets				
NONCURRENT ASSETS				
Capital assets:				
Sewer and waterlines	73,766,616	109,193,726	-	182,960,342
Buildings, pumps and life stations	11,678,254	16,938,276	-	28,616,530
Machinery and equipment	5,328,806	5,331,135	-	10,659,941
Vehicles	974,147	1,699,756	-	2,673,903
Furniture and fixtures	201,668	262,232	-	463,900
Computer equipment	422,207	762,944	-	1,185,151
Improvements - Oregon waste water treatment plant	3,394,518	3,185,486	-	6,580,004
	<u>95,766,216</u>	<u>137,373,555</u>	<u>-</u>	<u>233,139,771</u>
Total depreciable capital assets				
Accumulated depreciation	(31,778,110)	(55,038,119)	-	(86,816,229)
	<u>63,988,106</u>	<u>82,335,436</u>	<u>-</u>	<u>146,323,542</u>
Net depreciable capital assets				
Land	233,777	438,253	-	672,030
Easements	8,608	8,877	-	17,485
Construction in process	6,978,935	3,005,019	-	9,983,954
	<u>71,209,426</u>	<u>85,787,585</u>	<u>-</u>	<u>156,997,011</u>
Net capital assets				
OTHER ASSETS				
Special assessments, less current portion	6,178,117	3,064,948	-	9,243,065
Reserve with county commissioners	32,880	246,291	-	279,171
Miscellaneous	182,719	3,035	(180,000)	5,754
	<u>6,393,716</u>	<u>3,314,274</u>	<u>(180,000)</u>	<u>9,527,990</u>
Total other assets				
Total noncurrent assets	<u>77,603,142</u>	<u>89,101,859</u>	<u>(180,000)</u>	<u>166,525,001</u>
Total assets	<u>84,955,222</u>	<u>96,404,643</u>	<u>(180,000)</u>	<u>181,179,865</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>52,210</u>	<u>18,451</u>	<u>-</u>	<u>70,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 85,007,432</u>	<u>\$ 96,423,094</u>	<u>\$ -</u>	<u>\$ 181,250,526</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF NET POSITION
INFORMATION BY DIVISION
December 31, 2013

LIABILITIES AND NET POSITION	Water	Sewer	Eliminations	Combined
CURRENT LIABILITIES				
Current portion of long-term debt	\$ 2,000,281	\$ 1,599,506	\$ -	\$ 3,599,787
Current portion of compensated absences	109,419	93,765	-	203,184
Accounts payable - trade	1,710,316	1,190,988	(180,000)	2,721,304
Accrued payroll and payroll taxes	153,509	160,518	-	314,027
Accrued interest payable	263,776	347,414	-	611,190
Amounts due others	<u>237,681</u>	<u>999,172</u>	<u>-</u>	<u>1,236,853</u>
Total current liabilities	<u>4,474,982</u>	<u>4,391,363</u>	<u>(180,000)</u>	<u>8,686,345</u>
LONG-TERM DEBT , less current portion	27,598,895	28,885,359	-	56,484,254
Compensated absences payable	<u>76,572</u>	<u>115,970</u>	<u>-</u>	<u>192,542</u>
Total long-term liabilities	<u>27,675,467</u>	<u>29,001,329</u>	<u>-</u>	<u>56,676,796</u>
Total liabilities	<u>32,150,449</u>	<u>33,392,692</u>	<u>(180,000)</u>	<u>65,363,141</u>
DEFERRED INFLOWS OF RESOURCES	<u>256,779</u>	<u>62,441</u>	<u>-</u>	<u>319,220</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 32,407,228</u>	<u>\$ 33,455,133</u>	<u>\$ (180,000.00)</u>	<u>\$ 65,682,361</u>
NET POSITION				
Net investment in capital assets	\$ 44,476,543	\$ 57,025,955	\$ -	\$ 101,502,498
Restricted	2,938,130	1,873,781	-	4,811,911
Unrestricted	<u>5,185,531</u>	<u>4,068,225</u>	<u>-</u>	<u>9,253,756</u>
TOTAL NET POSITION	<u>\$ 52,600,204</u>	<u>\$ 62,967,961</u>	<u>\$ -</u>	<u>\$ 115,568,165</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INFORMATION BY DIVISION
Year Ended December 31, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
OPERATING REVENUES				
Utility revenue	\$ 12,084,386	\$ 7,302,593	\$ -	\$ 19,386,979
Fees and permits	317,836	67,472	-	385,308
Contract services	43,986	139,918	-	183,904
Other operating revenues	<u>283,477</u>	<u>120,461</u>	<u>-</u>	<u>403,938</u>
Total operating revenues	<u>12,729,685</u>	<u>7,630,444</u>	<u>-</u>	<u>20,360,129</u>
OPERATING EXPENSES				
Depreciation and amortization	2,729,228	3,659,597	-	6,388,825
Labor	1,548,554	1,505,418	-	3,053,972
Employee benefits	643,040	690,651	-	1,333,691
Professional services	464,786	670,287	-	1,135,073
Purchased water and sewer treatment	4,673,973	226,602	-	4,900,575
Materials and supplies	491,402	541,383	-	1,032,785
Utilities	259,159	359,816	-	618,975
Rent	1,820	1,972	-	3,792
Other	<u>426,233</u>	<u>402,649</u>	<u>-</u>	<u>828,882</u>
Total operating expenses	<u>11,238,195</u>	<u>8,058,375</u>	<u>-</u>	<u>19,296,570</u>
Operating income (loss)	<u>1,491,490</u>	<u>(427,931)</u>	<u>-</u>	<u>1,063,559</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	303,021	185,600	-	488,621
Interest expense	(1,192,844)	(1,103,970)	-	(2,296,814)
Other income (expense)	<u>(345,462)</u>	<u>1,639</u>	<u>-</u>	<u>(343,823)</u>
Total nonoperating revenues (expenses)	<u>(1,235,285)</u>	<u>(916,731)</u>	<u>-</u>	<u>(2,152,016)</u>
AID IN CONSTRUCTION				
Change in net position	<u>1,450,260</u>	<u>4,698,217</u>	<u>-</u>	<u>6,148,477</u>
NET POSITION				
Beginning of year	<u>52,600,204</u>	<u>62,967,961</u>	<u>-</u>	<u>115,568,165</u>
End of year	<u>\$ 54,306,669</u>	<u>\$ 66,321,516</u>	<u>\$ -</u>	<u>\$ 120,628,185</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INFORMATION BY DIVISION
Year Ended December 31, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
OPERATING REVENUES				
Utility revenue	\$ 10,049,093	\$ 5,804,560	\$ -	\$ 15,853,653
Fees and permits	271,435	68,526	-	339,961
Contract services	50,283	144,477	-	194,760
Other operating revenues	<u>296,060</u>	<u>541,405</u>	<u>-</u>	<u>837,465</u>
Total operating revenues	<u>10,666,871</u>	<u>6,558,968</u>	<u>-</u>	<u>17,225,839</u>
OPERATING EXPENSES				
Depreciation and amortization	2,302,774	3,102,224	-	5,404,998
Labor	1,425,581	1,465,545	-	2,891,126
Employee benefits	617,366	626,856	-	1,244,222
Professional services	511,770	688,260	-	1,200,030
Purchased water and sewer treatment	4,050,714	210,406	-	4,261,120
Materials and supplies	706,281	577,522	-	1,283,803
Utilities	219,890	310,481	-	530,371
Rent	2,171	2,352	-	4,523
Other	<u>301,117</u>	<u>307,664</u>	<u>-</u>	<u>608,781</u>
Total operating expenses	<u>10,137,664</u>	<u>7,291,310</u>	<u>-</u>	<u>17,428,974</u>
Operating income (loss)	<u>529,207</u>	<u>(732,342)</u>	<u>-</u>	<u>(203,135)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	295,122	196,097	-	491,219
Interest expense	(964,493)	(973,488)	-	(1,937,981)
Other expense	<u>(11,723)</u>	<u>(27,419)</u>	<u>-</u>	<u>(39,142)</u>
Total nonoperating revenues (expenses)	<u>(681,094)</u>	<u>(804,810)</u>	<u>-</u>	<u>(1,485,904)</u>
AID IN CONSTRUCTION				
Change in net position	<u>3,684,238</u>	<u>2,013,469</u>	<u>-</u>	<u>5,697,707</u>
NET POSITION				
Beginning of year	<u>49,067,853</u>	<u>62,491,644</u>	<u>-</u>	<u>111,559,497</u>
End of year	<u>\$ 52,600,204</u>	<u>\$ 62,967,961</u>	<u>\$ -</u>	<u>\$ 115,568,165</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF CASH FLOWS
INFORMATION BY DIVISION
Year Ended December 31, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,491,490	\$ (427,931)	\$ -	\$ 1,063,559
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	2,729,228	3,659,597	-	6,388,825
Effects of changes in operating assets and liabilities:				
Accounts receivable - trade	(27,953)	(122,832)	-	(150,785)
Grant receivable	475,316	162,959	-	638,275
Inventory	109,016	(2,482)	-	106,534
Prepaid and other assets	(614,876)	188	620,000	5,312
Accounts payable - trade	(886,748)	392,552	(620,000)	(1,114,196)
Accrued payroll and payroll taxes	7,736	15,208	-	22,944
Accounts due to others	(175,029)	(189,381)	-	(364,410)
Compensated absences payable	(8,362)	(9,431)	-	(17,793)
Net cash provided by operating activities	<u>3,099,818</u>	<u>3,478,447</u>	<u>-</u>	<u>6,578,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	303,021	185,600	-	488,621
Proceeds on sale of investments	723,912	2,952,531	-	3,676,443
Purchases of investments	<u>(732,741)</u>	<u>(2,969,232)</u>	<u>-</u>	<u>(3,701,973)</u>
Net cash provided by investing activities	<u>294,192</u>	<u>168,899</u>	<u>-</u>	<u>463,091</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Aid in construction	1,450,260	4,698,217	-	6,148,477
Acquisition and construction of capital assets	(5,398,700)	(8,029,205)	-	(13,427,905)
Proceeds from sale of assets	297,641	(112,084)	-	185,557
Proceeds from issuance of long-term debt	3,736,686	5,705,188	-	9,441,874
Repayment of long-term debt	(1,707,569)	(1,776,648)	-	(3,484,217)
Collections on special assessments	552,641	792,364	-	1,345,005
Assessed special assessments	(56,097)	(3,606,981)	-	(3,663,078)
Interest paid	<u>(1,435,421)</u>	<u>(1,029,652)</u>	<u>-</u>	<u>(2,465,073)</u>
Net cash used in financing activities	<u>(2,560,559)</u>	<u>(3,358,801)</u>	<u>-</u>	<u>(5,919,360)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	833,451	288,545	-	1,121,996
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>2,274,745</u>	<u>1,882,536</u>	<u>-</u>	<u>4,157,281</u>
End of year	<u>\$ 3,108,196</u>	<u>\$ 2,171,081</u>	<u>\$ -</u>	<u>\$ 5,279,277</u>

NORTHWESTERN WATER & SEWER DISTRICT
SCHEDULE OF CASH FLOWS
INFORMATION BY DIVISION
Year Ended December 31, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 529,207	\$ (732,342)	\$ -	\$ (203,135)
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	2,302,774	3,102,224	-	5,404,998
Effects of changes in operating assets and liabilities:				
Accounts receivable - trade	759,347	(565)	-	758,782
Grant receivable	(358,928)	684,652	-	325,724
Inventory	(142,882)	4,319	-	(138,563)
Prepaid and other assets	114,426	(4,726)	-	109,700
Accounts payable - trade	(126,074)	(1,050,716)	-	(1,176,790)
Accrued payroll and payroll taxes	37,737	48,724	-	86,461
Accounts due to others	(157,607)	(84,820)	-	(242,427)
Compensated absences payable	17,835	12,334	-	30,169
Net cash provided by operating activities	<u>2,975,835</u>	<u>1,979,084</u>	<u>-</u>	<u>4,954,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	295,122	196,097	-	491,219
Proceeds on sale of investments	1,356,537	669,169	-	2,025,706
Purchases of investments	<u>(1,364,040)</u>	<u>(682,305)</u>	<u>-</u>	<u>(2,046,345)</u>
Net cash provided by investing activities	<u>287,619</u>	<u>182,961</u>	<u>-</u>	<u>470,580</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Aid in construction	3,684,238	2,013,469	-	5,697,707
Acquisition and construction of capital assets	(10,222,247)	(4,947,933)	-	(15,170,180)
Proceeds from reserve	3,777	(63,722)	-	(59,945)
Proceeds from sale of assets	63,769	138,784	-	202,553
Proceeds from issuance of long-term debt	7,466,893	6,626,908	-	14,093,801
Repayment of long-term debt	(3,237,574)	(5,205,357)	-	(8,442,931)
Collections on special assessments	538,298	265,531	-	803,829
Assessed special assessments	(82,418)	(14,313)	-	(96,731)
Interest paid	<u>(1,025,551)</u>	<u>(994,370)</u>	<u>-</u>	<u>(2,019,921)</u>
Net cash used in financing activities	<u>(2,810,815)</u>	<u>(2,181,003)</u>	<u>-</u>	<u>(4,991,818)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	452,639	(18,958)	-	433,681
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>1,822,106</u>	<u>1,901,494</u>	<u>-</u>	<u>3,723,600</u>
End of year	<u>\$ 2,274,745</u>	<u>\$ 1,882,536</u>	<u>\$ -</u>	<u>\$ 4,157,281</u>



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.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time	S2
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its water and sewer sales	S10
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future	S16
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments	S21
Operating Information These schedules contain information about the District's operation and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs	S24
Sources Unless stated otherwise, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	



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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net investment in capital assets	\$ 102,403	\$ 101,502	\$ 97,598	\$ 88,455	\$ 81,477	\$ 73,573	\$ 73,491	\$ 74,830	\$ 70,996	\$ 66,996
Restricted	4,967	4,812	4,820	4,853	5,133	9,145	5,001	6,486	3,809	2,896
Unrestricted	<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>	<u>14,838</u>	<u>16,981</u>
Total net position	<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>	<u>\$ 89,643</u>	<u>\$ 86,873</u>

Source: District accounting records.



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

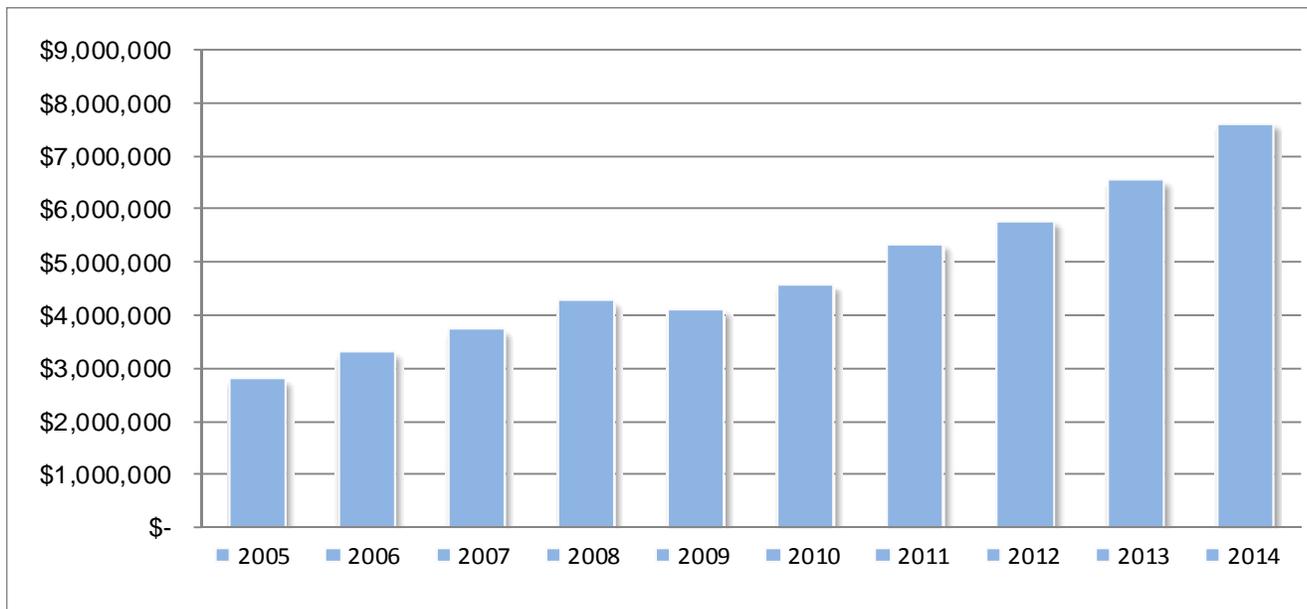
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenue	\$ 20,360	\$ 17,226	\$ 16,050	\$ 13,806	\$ 10,160	\$ 9,197	\$ 8,586	\$ 7,415	\$ 6,524	\$ 5,811
Operating expenses	<u>19,297</u>	<u>17,429</u>	<u>15,414</u>	<u>13,549</u>	<u>10,507</u>	<u>10,278</u>	<u>10,221</u>	<u>9,373</u>	<u>8,759</u>	<u>7,347</u>
Total net revenue (expense)	<u>1,063</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>	<u>(2,235)</u>	<u>(1,536)</u>
Other Changes in Net Position										
Nonoperating revenues										
(expenses)	(2,152)	(1,486)	(1,564)	(1,344)	(1,212)	(1,164)	(530)	(132)	(183)	(335)
Aid in construction	<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>	<u>5,187</u>	<u>5,130</u>
Total other changes in net position	<u>3,997</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>	<u>5,004</u>	<u>4,795</u>
Change in net position	<u><u>\$ 5,060</u></u>	<u><u>\$ 4,009</u></u>	<u><u>\$ 4,796</u></u>	<u><u>\$ 8,655</u></u>	<u><u>\$ 6,067</u></u>	<u><u>\$ 175</u></u>	<u><u>\$ 2,477</u></u>	<u><u>\$ 496</u></u>	<u><u>\$ 2,769</u></u>	<u><u>\$ 3,259</u></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
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%
2006	3,067,499	85,020	113,384	56,969	3,322,872	17.8%
2005	2,555,120	106,071	94,481	64,749	2,820,421	2.1%



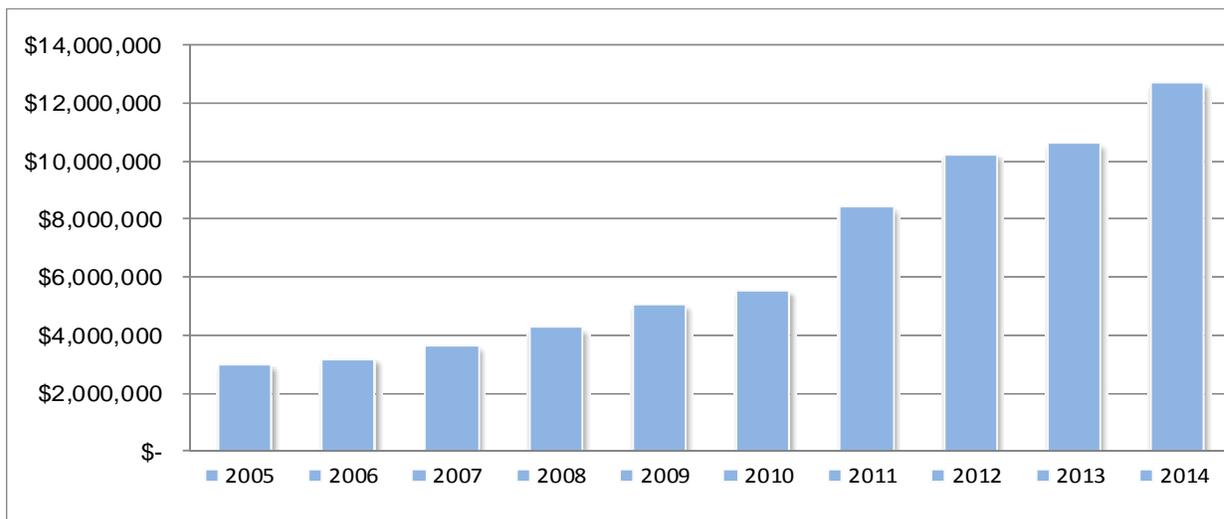
Source: District accounting records.



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

Fiscal Year	Waste Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
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%
2006	2,865,069	200,717	71,491	64,212	3,201,489	7.0%
2005	2,551,188	293,917	89,253	56,684	2,991,042	13.6%

- (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.

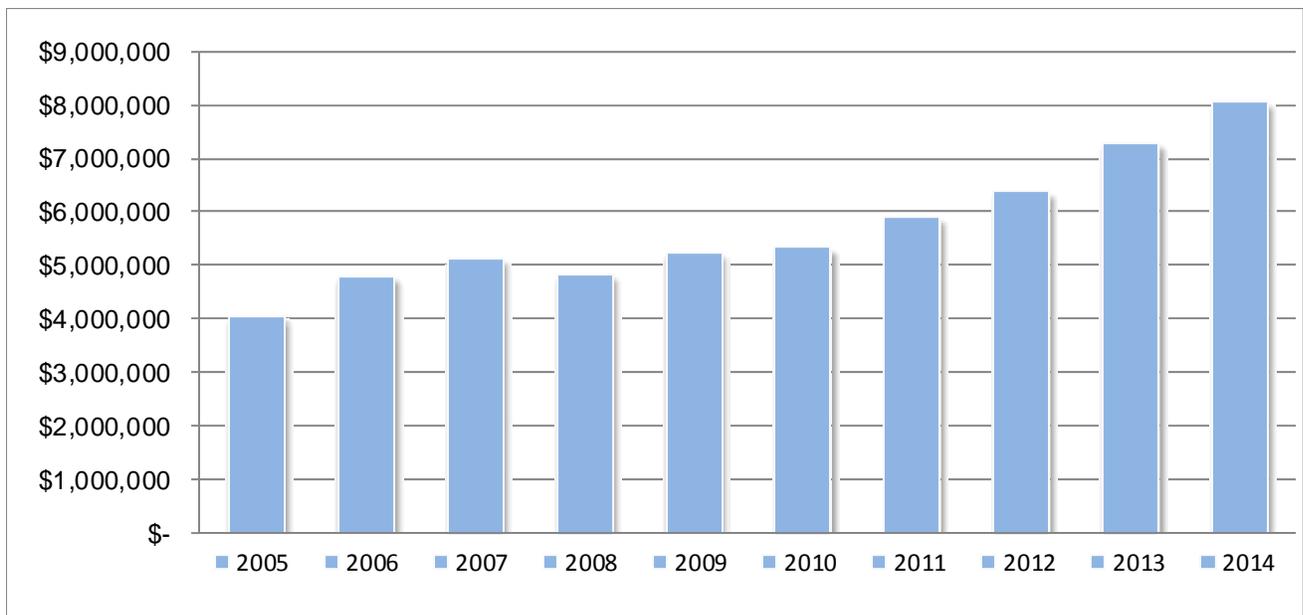


Source: District accounting records.



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
2014	\$ 1,505,418	\$ 690,651	\$ 896,889	\$ 541,383	\$ 359,816	\$ 3,659,597	\$ 404,621	\$ 8,058,375	10.5%
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%
2006	1,140,171	414,550	310,753	390,354	224,856	2,139,374	190,331	4,810,389	18.6%
2005	866,327	321,284	234,151	260,761	161,296	2,045,075	166,869	4,055,763	5.5%



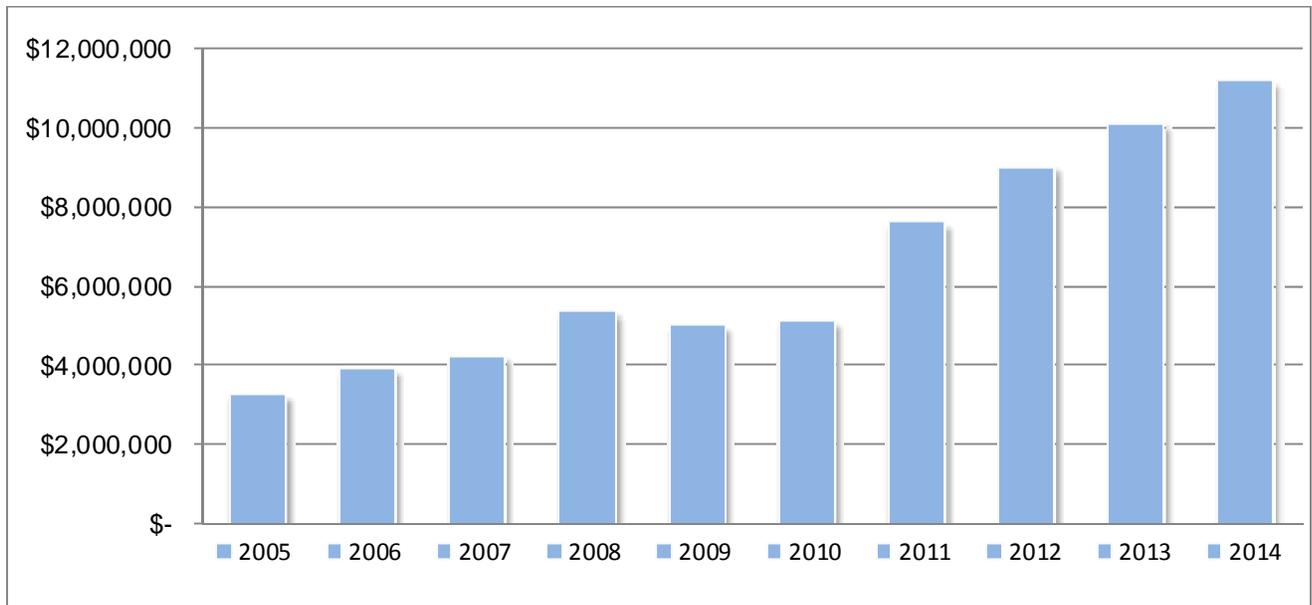
Source: District accounting records.



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
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%
2006	663,157	250,007	124,792	917,580	454,068	127,718	1,262,110	149,692	3,949,124	20.0%
2005	534,005	205,864	117,852	724,558	309,541	122,596	1,132,963	143,534	3,290,913	6.0%

(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**

Fiscal Year	Interest Income	Aid in Construction (1)	Other Income (Expense)	Total
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
2006	507,988	2,808,702	79,985	3,396,675
2005	429,415	2,517,442	-	2,946,857

(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**

Fiscal Year	Interest Income	Aid in Construction (1)	Other Income (Expense)	Total
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
2006	525,414	2,378,917	17,571	2,921,902
2005	462,213	2,612,560	5,451	3,080,224

(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**

Year	Minimum Charge		Volume Charges (1)	
	Monthly	Quarterly	Collection Only	Collection and Treatment
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
2006	9.40	18.80	10.86	27.13
2005	8.95	17.90	10.34	25.84

(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>
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
2006	6.48	12.96	4.49
2005	6.23	12.46	4.32

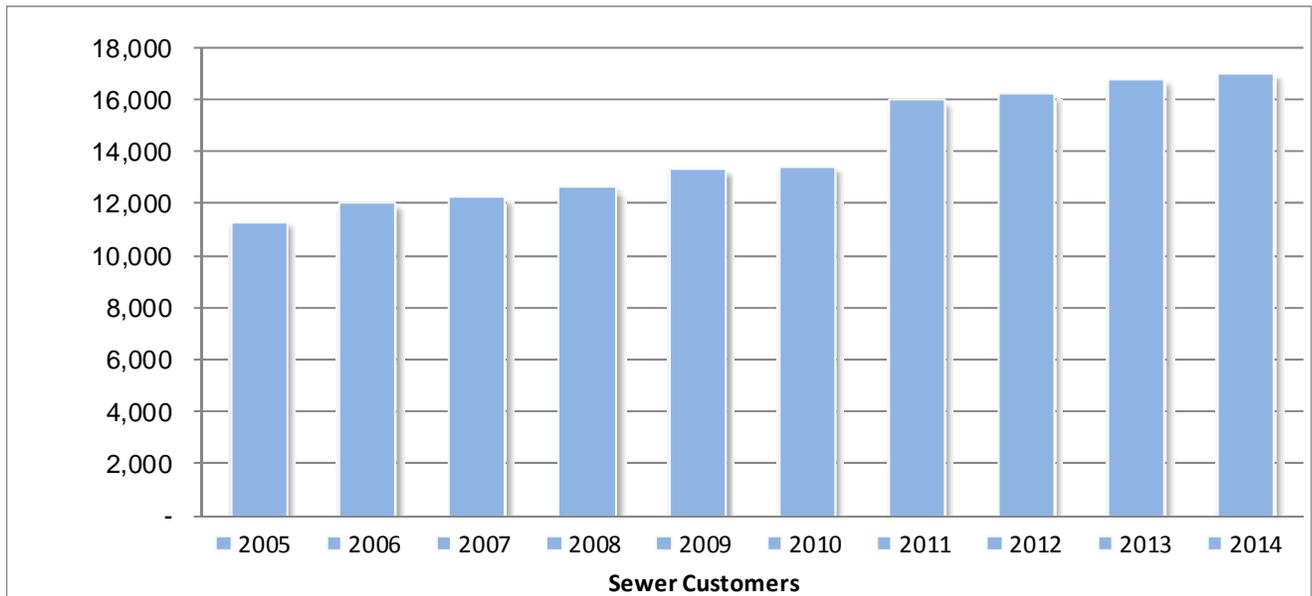
(1) Per 1,000 cubic feet of water consumption.

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.)
2005	11,313	4,007	1,462,500
2006	11,999	3,784	1,391,254 (a)
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 (b)
2012	16,201	4,279	1,566,211
2013	16,726	4,091	1,493,104
2014	16,979	4,344	1,585,600



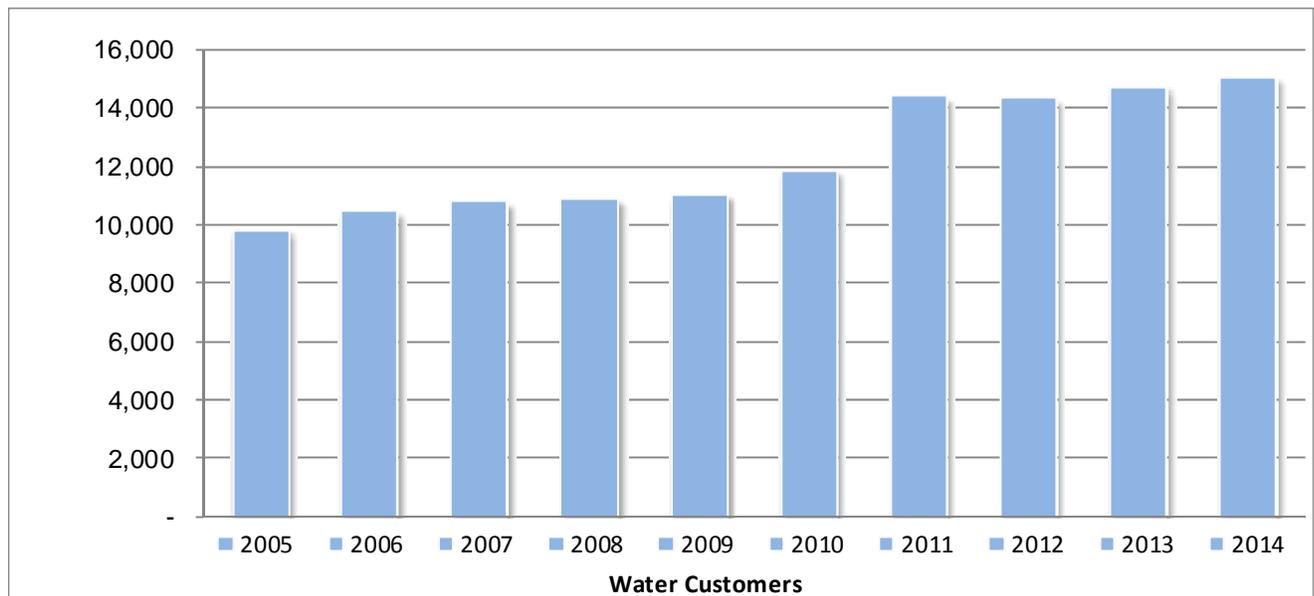
- a) District acquired the Villages of Bairdstown and Weston adding about 550 customers.
- b) In 2011, the City of Rossford and the Village of Cygnet joined the District with approximately 2,550 customers.

Source: District accounting records.



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

<u>Year</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/Gal.)</u>	<u>Total Annual Consumption (000's/Gal.)</u>
2005	9,799	3,935	1,436,400
2006	10,455	3,891	1,420,874 (a)
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 (b)
2012	14,344	4,530	1,657,958 (c)
2013	14,704	4,145	1,513,066
2014	15,009	4,425	1,615,268



- a) District acquired the Villages of Bairdstown and Weston adding about 550 customers.
- b) In 2011, the City of Rossford and the Village of Cygnet joined the District with approximately 2,550 customers.
- c) 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 2014

Customer	Total Billed Consumption (000's/Gal.)	Billed Charges	% of Total System Revenue
1. Charter Steel	87,889	\$ 229,156	3.00%
2. First Solar	50,213	131,904	1.73%
3. Prefinished Metals	41,324	107,826	1.41%
4. Chrysler	38,057	99,467	1.30%
5. Norplas	31,040	81,153	1.06%
6. Friendly Village I and II MHP	30,433	79,449	1.04%
7. Cintas	17,282	46,336	0.61%
8. Holiday Inn Perrysburg Twp	14,653	38,333	0.50%
9. Perry Lake Village	14,508	27,593	0.36%
10. Walnut Hills Mobile Home Park	<u>12,742</u>	<u>33,353</u>	<u>0.44%</u>
Total	<u>338,141</u>	<u>\$ 874,570</u>	<u>11.45%</u>

Fiscal Year 2005

Customer	Total Billed Consumption (000's/Gal.)	Billed Charges	% of Total System Revenue
1. DaimlerChrysler	108,684	\$ 150,143	5.88%
2. Walnut Hills Mobile Home Park	37,487	51,927	2.03%
3. Prefinished Metals	36,667	50,900	1.99%
4. Friendly Village Mobile Home Park	35,320	49,032	1.92%
5. Norplas	20,690	28,772	1.13%
6. Holiday Inn Perrysburg Twp	16,822	23,397	0.92%
7. Perry Lake Village	12,497	12,364	0.48%
8. Eastpointe On the Mall Apartments	12,024	16,944	0.66%
9. Troy Villa Mobile Home Park	10,891	14,760	0.58%
10. Alpha Tube	<u>5,318</u>	<u>7,443</u>	<u>0.29%</u>
Total	<u>296,400</u>	<u>\$ 405,682</u>	<u>15.88%</u>



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

Fiscal Year 2014

Customer	Total Billed Consumption (000's/Gal.)	Billed Charges	% of Total System Revenue
1. Charter Steel	79,256	\$ 158,204	1.24%
2. First Solar	68,448	135,399	1.06%
3. Prefinished Metals	45,152	86,270	0.68%
4. Norplas	38,582	73,058	0.57%
5. Chrysler	38,057	76,780	0.60%
6. Jones Hamilton	32,281	61,994	0.49%
7. MSB Dairy	29,660	171,197	1.34%
8. Friendly Village I & II MHP	17,282	38,702	0.30%
9. Cintas	15,106	30,012	0.24%
10. Perry Lake Village	<u>14,508</u>	<u>21,276</u>	<u>0.17%</u>
Total	<u>378,332</u>	<u>\$ 852,892</u>	<u>6.69%</u>

Fiscal Year 2005

Customer	Total Billed Consumption (000's/Gal.)	Billed Charges	% of Total System Revenue
1. Hunt Wesson	140,534	\$ 84,105	3.30%
2. DaimlerChrysler	93,560	58,327	2.29%
3. Prefinished Metals	43,751	26,802	1.05%
4. Commercial Aluminum Cookware	40,699	23,428	0.92%
5. Walnut Hills Mobile Home Park	37,692	22,562	0.88%
6. Friendly Village I and II MHP	35,320	25,056	0.98%
7. Holiday Inn Perrysburg Twp	16,822	10,004	0.39%
8. Perry Lake Village	12,497	6,068	0.24%
9. Eastpointe On The Mall Apartments	12,024	35,469	1.39%
10. Troy Villa Mobile Home Park	<u>10,891</u>	<u>7,485</u>	<u>0.29%</u>
Total	<u>443,790</u>	<u>\$ 299,306</u>	<u>11.73%</u>



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

Debt By Type In Thousands	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue Bond Issues										
\$1,395 Series 1996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$4,235 Series 2002 (1)	2,635	2,235	2,055	1,875	1,695	1,515	1,335	-	-	-
\$2,165 Series 2004B	2,100	2,025	1,940	1,892	1,804	1,712	1,590	1,490	1,415	1,312
\$1,200 Series 2005A	1,200	1,160	1,120	1,070	1,020	1,018	920	870	858	805
\$6,910 Series 2008	-	-	-	6,910	6,680	6,440	6,195	5,940	5,668	5,395
\$3,550 Series 2009 BAN	-	-	-	-	3,550	-	-	-	-	-
\$2,350 Series 2010	-	-	-	-	-	2,350	2,280	2,210	2,135	2,055
\$3,870 Series 2012 (2)	-	-	-	-	-	-	-	3,585	3,368	3,123
Total Revenue Bonds	5,935	5,420	5,115	11,747	14,749	13,035	12,320	14,095	13,444	12,690
Special Assessment Issues										
\$277 Series 1996	152	139	125	111	97	83	69	55	42	28
\$360 Series 1998	230	215	195	175	160	140	125	110	95	80
\$500 Series 1999	400	380	360	340	315	290	265	240	210	180
\$175 Series 2000	135	125	115	110	100	90	80	75	65	55
\$1,195 Series 2002	1,110	1,070	1,025	975	925	870	815	-	-	-
\$1,245 Series 2003	1,170	1,125	1,080	1,035	985	935	880	60	-	-
\$2,000 Series 2004A	1,945	1,870	1,795	1,715	1,635	1,555	1,470	1,380	1,271	1,179
\$1,010 Series 2006	-	1,010	990	955	920	880	840	800	758	713
\$2,205 Series 2008	-	-	-	2,205	2,155	2,133	2,000	1,920	1,878	1,790
\$6,580 Series 2009 BAN	-	-	-	-	6,580	-	-	-	-	-
\$2,350 Series 2010	-	-	-	-	-	2,350	2,280	2,205	2,125	2,045
\$2,880 Series 2012 (3)	-	-	-	-	-	-	-	2,715	2,615	2,374
Total SA Bonds	5,142	5,934	5,685	7,621	13,872	9,326	8,824	9,560	9,059	8,444
U.S. Dept. of Agriculture Ohio Water Development Authority	5,573	5,440	5,298	5,151	7,399	7,219	8,360	11,110	13,497	13,219
Ohio Public Works Commission	9,090	10,181	9,491	11,287	9,004	10,805	14,296	15,024	22,495	30,370
Other	872	787	812	738	665	611	536	522	596	520
	<u>323</u>	<u>333</u>	<u>331</u>	<u>328</u>	<u>325</u>	<u>1,793</u>	<u>905</u>	<u>3,928</u>	<u>993</u>	<u>801</u>
Total All Debt	26,935	28,095	26,732	36,872	46,014	42,789	45,241	54,239	60,084	66,044
Number of Customer Accounts										
	21,112	22,454	22,999	23,512	24,614	25,219	30,319	30,545	31,430	31,988
Outstanding Debt Per Customer Account										
	1,276	1,251	1,162	1,568	1,869	1,696	1,492	1,776	1,913	2,059

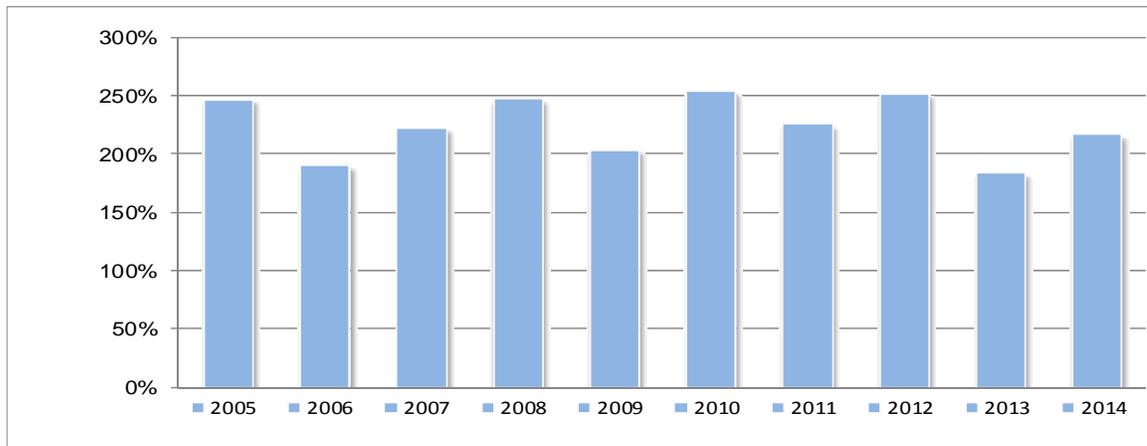
- (1) The Series 1996 Bonds were refunded on 3/27/2002 and were replaced by the Series 2002 Bonds.
 (2) The Series 2002 Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 Bonds.
 (3) The Series 2003 SA Bonds were refunded on 3/23/12 and were replaced by the Series 2012 SA Bonds.

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)
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%
2006	8,579,544	5,358,029	3,221,515	1,693,456	190%
2005	7,954,716	4,219,005	3,735,711	1,513,114	247%



(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>
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%
2006	1,512,255	1,173,318	129%
2005	1,433,680	1,164,343	123%

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, 2014**

Year	Revenue Debt			Special Assessment Debt			Totals	% of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	OPWC	Bonds and Notes		
2014	\$ 901,834	\$ 26,819	\$ 1,044,746	\$ 76,727	\$ 25,285	\$ 516,740	\$ 2,592,151	93.80%
2015	867,094	30,915	1,047,670	93,916	25,285	509,756	2,574,636	87.65%
2016	867,094	30,915	1,043,203	93,916	25,285	509,249	2,569,662	81.51%
2017	790,432	22,249	1,037,557	92,916	25,285	513,100	2,481,539	75.58%
2018	682,567	13,583	1,035,625	91,816	25,285	713,801	2,562,677	69.45%
2019	670,534	13,583	1,034,286	91,816	25,285	490,896	2,326,400	63.89%
2020	664,242	13,583	1,029,869	91,816	-	461,712	2,261,222	58.49%
2021	433,056	13,583	1,025,853	54,503	-	448,885	1,975,880	53.77%
2022	433,056	13,583	1,004,620	17,190	-	449,747	1,918,196	49.18%
2023	433,056	13,583	999,216	17,190	-	355,459	1,818,504	44.84%
2024	400,538	13,583	999,326	17,190	-	292,719	1,723,356	40.72%
2025	387,582	9,441	858,542	17,190	-	183,309	1,456,064	37.24%
2026-30	1,787,803	42,832	3,522,118	85,948	-	888,341	6,327,042	22.16%
2031-35	1,141,486	28,670	1,733,809	68,759	-	629,255	3,601,979	13.51%
2036-40	556,878	-	1,342,541	-	-	629,197	2,528,616	7.46%
2041-45	284,538	-	924,393	-	-	629,140	1,838,071	3.07%
2046-50	-	-	502,624	-	-	503,264	1,005,888	0.67%
2051-55	-	-	278,527	-	-	-	278,527	0.00%
Totals	\$ 11,301,790	\$ 286,922	\$ 20,464,525	\$ 910,893	\$ 151,710	\$ 8,724,570	\$ 41,840,410	

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, 2014**

Year	Revenue Debt			Special Assessment Debt		Totals	% of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	Bonds and Notes		
2014	\$ 627,982	\$ 25,128	\$ 879,812	\$ 558,145	\$ 638,004	\$ 2,729,071	93.27%
2015	783,085	25,128	874,671	558,145	639,672	2,880,701	86.16%
2016	783,085	17,050	868,000	311,498	641,198	2,620,831	79.69%
2017	783,085	10,621	854,098	64,851	623,249	2,335,904	73.93%
2018	783,085	10,621	850,645	64,851	623,414	2,332,616	68.18%
2019	758,920	10,621	845,062	64,851	595,248	2,274,702	62.57%
2020	734,756	10,621	840,080	64,851	580,484	2,230,792	57.06%
2021	673,456	10,621	827,443	32,426	581,351	2,125,297	51.82%
2022	673,453	10,621	773,135	-	581,929	2,039,138	46.78%
2023	673,453	10,621	730,410	-	534,357	1,948,841	41.98%
2024	581,991	10,621	772,706	-	513,674	1,878,992	37.34%
2025	552,713	5,769	753,036	-	398,298	1,709,816	33.13%
2026-30	2,746,877	915	2,945,803	-	1,367,252	7,060,847	15.71%
2031-35	1,940,114	-	1,006,847	-	-	2,946,961	8.44%
2036-40	1,358,069	-	667,023	-	-	2,025,092	3.44%
2041-45	881,583	-	340,488	-	-	1,222,071	0.42%
2046-50	-	-	122,783	-	-	122,783	0.12%
2051-55	-	-	49,113	-	-	49,113	0.00%
Totals	\$ 15,335,707	\$ 158,958	\$ 15,001,155	\$ 1,719,618	\$ 8,318,130	\$ 40,533,568	

OWDA - Ohio Water Development Authority

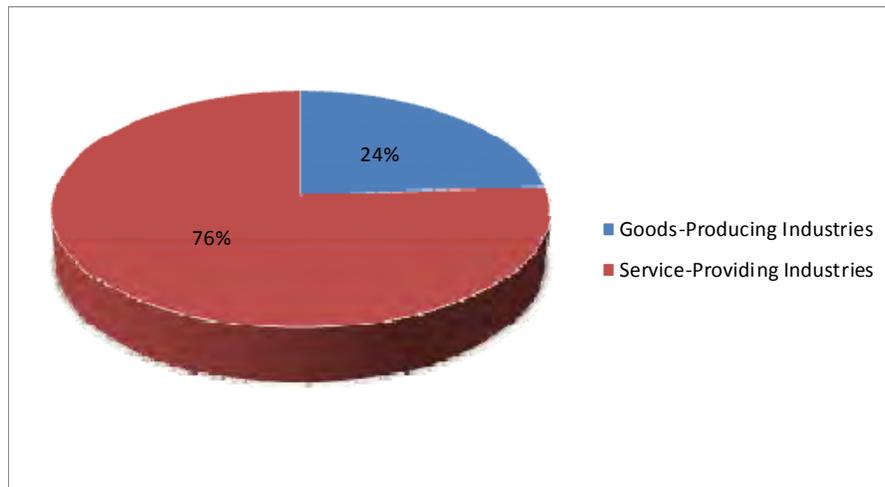
OPWC - Ohio Public Works Commission

Source: District accounting records.



NONAGRICULTURAL EMPLOYMENT
 Toledo Primary Metropolitan Statistical Area
 (Includes Wood County)
 At December 31, 2014

	<u>Employment</u>
Goods-Producing Industries	53,300
Natural Resources, Mining and Construction	11,100
Manufacturing	42,200
Durable Goods	31,500
Transportation Equipment	11,000
Service-Providing Industries	208,200
Trade, Transportation and Utilities	61,600
Information	3,300
Financial Activities	10,700
Professional and Business Services	36,600
Educational and Health Services	50,700
Leisure and Hospitality	34,000
Other Services	11,300
Government	46,900



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



TEN LARGEST EMPLOYERS IN WOOD COUNTY
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Bowling Green State University	2,252	1	3.55%	5,361	1	8.63%
Magna International	1,700	2	2.68%	1,525	3	2.45%
Owens Community College	1,489	3	2.34%	-		0.00%
First Solar	1,150	4	1.81%	-		0.00%
Wood County	1,100	5	1.73%	1,221	4	1.97%
Wood County Hospital	900	6	1.42%	-		0.00%
Chrysler	850	7	1.34%	1,647	2	2.65%
Owens-Illinois, Inc.	835	8	1.31%	550	9	0.89%
Walgreen's	700	9	1.10%	-		0.00%
Johnson Controls	500	10	0.79%	-		0.00%
Cooper Standard Automotive	-		0.00%	1,049	5	1.69%
Rudolph-Libbe Companies	-		0.00%	900	6	1.45%
Norplas Industries	-		0.00%	700	7	1.13%
NFO Market Research	-		0.00%	625	8	1.01%
Great Lakes Window	-		0.00%	500	10	0.80%
Totals	<u>11,476</u>		<u>18.07%</u>	<u>14,078</u>		<u>22.67%</u>
Total Employment Within Wood County	63,500			62,100		

Source: Wood County Economic Development Commission.



WOOD COUNTY OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

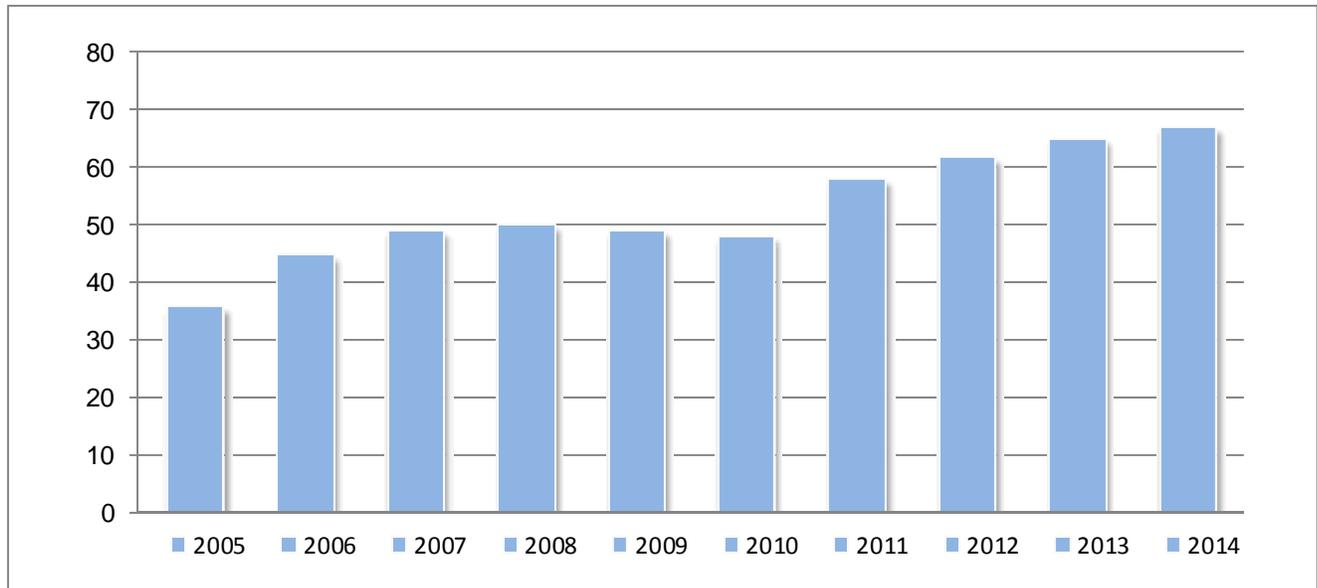
	<u>Population (Estimated)</u>	<u>Personal Income</u>		<u>Per Capita Personal Income</u>		<u>Unemployment Rate</u>
2014	129,264	\$5,033,023,104	est.	\$ 38,936	est.	4.20%
2013	128,200	4,940,000,000	est.	38,534	est.	6.30%
2012	128,200	4,947,622,600		38,593		6.10%
2011	125,500	4,430,150,000		35,300		7.10%
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%
2006	124,183	3,971,123,974		31,978		5.20%
2005	123,889	3,762,261,152		30,368		5.60%

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	2	2	2	2	2	2	2	3	3	2
Finance	2	2	3	3	3	3	3	3	3	5
Customer Service (1)	5	6	6	6	5	5	11	12	12	13
Engineering	7	9	9	9	10	10	12	10	12	11
GIS/IT (2)								3	3	3
Operations	20	26	29	30	29	28	30	31	32	33
Total	36	45	49	50	49	48	58	62	65	67



- (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, 2014**

WATER SYSTEM

Miles of Potable Water Lines	417
Total Water Customers	15,009
Number of Fire Hydrants	3,667
Water Towers	7
Number of WaterShed and Bulk Water Stations	13

SEWER SYSTEM

Miles of Sewer Lines	337
Total Sewer Customers	16,979
Number of Pump Stations	88
Number of Treatment Plants	12
Number of Manholes	5,335

GENERAL INFORMATION

Population Served (Estimated)	42,500
Number of Employees	67

Source: Northwestern Water & Sewer District.

Cover photo: Northwestern Water & Sewer District Annual Meeting

Photo by Valerie Megyesi

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

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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 6, 2015**