

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Northwestern Water and Sewer District  
P.O. Box 348  
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, 2019 through December 31, 2019. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 10, 2020

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**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

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Ohio Society of Certified Public Accountants

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northwestern Water and Sewer District, Wood County, Ohio (the District), as of and for the year ended December 31, 2019, 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 July 15, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgz@jgzcpa.com, c=US  
Date: 2020.07.29 16:02:57 -04'00'

July 15, 2020



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

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

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

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on Compliance for Each Major Program**

We have audited the Northwestern Water and Sewer District, Wood County, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Northwestern Water and Sewer District, Ohio's major federal program for the year ended December 31, 2019. The Northwestern Water and Sewer District, Ohio's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Northwestern Water and Sewer District, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Northwestern Water and Sewer District, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Northwestern Water and Sewer District, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

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

Management of the Northwestern Water and Sewer District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Northwestern Water and Sewer District, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northwestern Water and Sewer District, Ohio's internal control over compliance.

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

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

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

We have audited the financial statements of the Northwestern Water and Sewer District, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Northwestern Water and Sewer District, Ohio's basic financial statements. We issued our report thereon dated July 15, 2020, which contained unmodified opinions on those financial statements, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
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July 15, 2020

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**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	Federal CFDA Number	Total Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
<i>Direct Award</i>		
Water and Waste Disposal Systems for Rural Communities - Grant Program	10.760	\$ 2,016,927
Water and Waste Disposal Systems for Rural Communities - Loan Program	10.760	<u>4,591,826</u>
<i>Total CFDA #10.760</i>		<u>6,608,753</u>
<b>Total U.S. Department of Agriculture</b>		<u>6,608,753</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 6,608,753</u></u>

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

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2019**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Northwestern Water and Sewer District, Ohio (the District), under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: INDIRECT COST RATE**

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

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

The U.S. Department of Agriculture (USDA) has approved a \$4,833,000 loan to the District for the purpose of financing wastewater collection and treatment in the Village of McComb. The District has received all funds for this loan in 2019. No payments were made on this loan in 2019.

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
UNIFORM GUIDANCE  
DECEMBER 31, 2019**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2019(i)	Type of Financial Statement Opinion	Unmodified
2019(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2019(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2019(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2019(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2019(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2019(v)	Type of Major Programs' Compliance Opinions	Unmodified
2019(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2019(vii)	Major Programs (list):  Water and Waste Disposal Systems for Rural Communities - CFDA #10.760	
2019(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2019(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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The prior audit report, as of December 31, 2018, included no citations or instances of noncompliance.





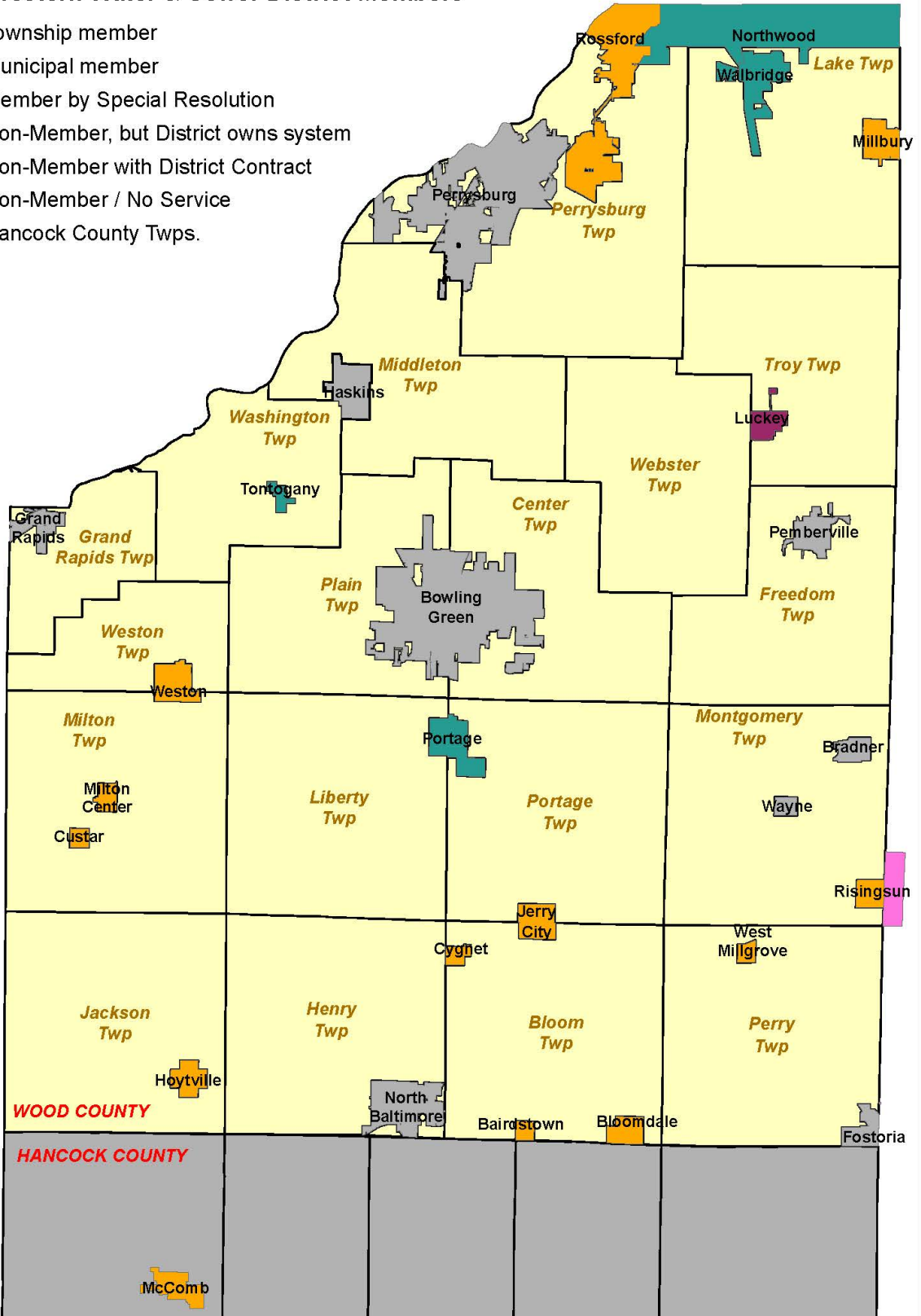
**THE DISTRICT**

Comprehensive Annual Financial Report  
For the years ended December 31, 2019 and 2018

**NORTHWESTERN WATER & SEWER DISTRICT**  
A Political Subdivision of the State of Ohio

# Northwestern Water & Sewer District Members

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



**NORTHWESTERN WATER & SEWER DISTRICT  
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July 15, 2020

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

The Comprehensive Annual Report of the Northwestern Water and Sewer District (“The District”) for the year ended December 31, 2019, 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, 2019 disclosed no material internal control weaknesses or material violations of laws and regulations.

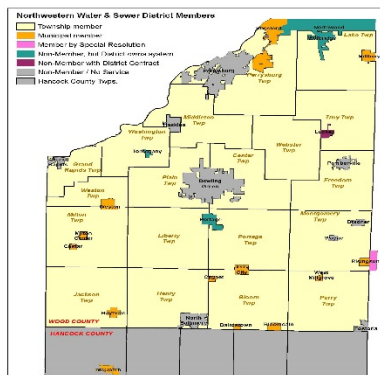
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is intended to compliment MD&A and should be read in conjunction with it. The District’s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

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

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

## **PROFILE OF THE DISTRICT**

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



In 1991, the County of Wood, Ohio, together with five municipalities and 14 townships, petitioned the Court of Common Pleas of Wood County for the establishment of a regional water and sewer district under Chapter 6119, Ohio Revised Code, to assume ownership and operation of the water and sewer facilities owned and operated by the County. The Court created The District on May 18, 1992 and approved a formal plan of operation on September 29, 1993. The District is currently comprised of 13 municipalities and 20 townships.

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

The District may assess real estate for the cost of improvements to the water or sewer system and may issue bonds or notes in anticipation of the collection of such assessments. The District may also issue revenue resource bonds and notes the principal of and interest on which is payable from District revenues is 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 2019 population of the MSA is estimated to be approximately 626,800, of which the County accounted for approximately 130,696 in 2019. 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 2018-19 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 2019 Owens had a student enrollment of approximately 8,282 in over 120 program areas by a full-time faculty of 140. 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 2019 budget. This process will continue in 2020 with results measured and compared to the plan. The main focus of the plan will be on how to continue to grow The District while not providing an undue financial burden on our customers.

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

At year-end, The District had debt outstanding of \$86,111,269. Outstanding bonds of The District are rated Aa3 by Moody's and AA- by Standard & Poor's rating agencies. The District has a MIG-1 rating from Moody's on short-term borrowing. Notes 5 and 6 to the audited financial statements include schedules of debt outstanding and future debt service requirements.



## DISTRICT MAJOR INITIATIVES

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwestern Water and Sewer District for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2018. This was the sixteenth 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.

### Millbury Lateral Repair and Replacement

This project included the rehabilitation of lateral sewer connections throughout the Village of Millbury. These laterals were identified in the Phase 1 Infiltration and Inflow project as having defects contributing to the excessive sewer flows. The Village is located at the confluence of two large creeks that makes it prone to high groundwater and flooding during wet weather. During these times, the sanitary sewers that were mostly constructed in the 1970 to 1980 era, are prone to groundwater infiltration and surface water inflow. This project continued the efforts from Phase 1 to eliminate many of the sources of this extraneous water in the system. The project has resulted in fewer nutrients entering the Lake Erie watershed. The total project cost was approximately \$1,000,000.

### Rossford Vernis Street Sanitary Sewer Rehab

The City of Rossford sanitary sewer system in many areas is in very poor condition. Since joining the District in 2012, the District has invested several million dollars to rehabilitate, repair and replace a significant portion of the sanitary sewer system. This project focused on the complete replacement of the gravity sewer to include the lateral connections to the road right of way. The sewers in this area were identified as a significant contributor of storm water into the sanitary system in the City. This has added to sanitary sewer overflows directly to the Maumee River, which contributes a large part of the nutrient loading in the western basin of Lake Erie. The project was completed in 2019 at a cost of \$300,000.

## Perrysburg Service Area Inflow and Infiltration Reduction

This project included the rehabilitation of thousands of feet of sanitary sewers, and manholes throughout the Perrysburg Township service area. This project focused on the areas North and East of the City of Perrysburg. The sanitary sewer flows from this area exceed the system capacity during rain events and force the bypassing of the flows from reaching the treatment facility. The sanitary sewers are prone to groundwater infiltration and surface water inflow. This project consisted of testing and grouting every joint in the main line sewers to stop the infiltration. Additionally, this project included open cut repairs and short lining repairs to rehabilitate the sewers. The total project cost was approximately \$1,000,000.

## McComb WWTP Replacement

The Village of McComb joined The District in 2016 at which time the Village was already in the design phase of a new wastewater treatment facility. The original facility constructed in 1966 was beyond its useful life and no longer meeting Ohio EPA permit limits. The District upon taking ownership took on the existing facility and ultimately the design of the new facility. The selected treatment option was an Oxidation Ditch treatment process which is known for its ability to handle excessive wet weather flows. This was a major criterion as the Village collection system also sees significant wet weather increases in flow that the current plant could not handle. The new 0.388MGD facility was completed for a total project cost of approximately \$7,600,000.

## Homecraft Water Line Interconnection

The District's greater 100 water system is supplied water from two main pumping facilities fed from the City of Toledo. These facilities surround a portion of the same system known as Homecraft in Northwood Ohio which is served directly from the City of Toledo's system through master meters. This project with the construction of a few thousand feet of waterline permits The District to transfer the source from a direct feed from the City of Toledo to an improved separated system supplied with the redundancy of The District's greater 100 area water system. Additionally, by maintaining the master meters in place this will permit an additional emergency interconnection between the two systems. The total project cost was approximately \$350,000.

## Weston Water Meter Pit Installation and Replacement

The Village of Weston is supplied water by The District through purchase from the city of Bowling Green. The purchase of water rather than the production warrants increased efforts to control water accountability within the system. The Weston system had been determined through water loss analysis to need continued efforts to reduce the water loss. This project was developed to do just that through the installation of meter pits at the road right of way and replace aged service lines from the water main to the pit as is the AWWA recommendation. By relocating the meters from within the homes the overall footage of pipe is reduced and the meter is more readily accessible when needed increasing water accountability. The project cost was approximately \$200,000.



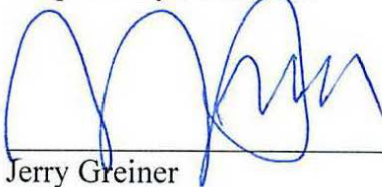
## INDEPENDENT AUDIT

Included in this report is an unmodified opinion rendered on the District's financial statements for the year ended December 31, 2019, by James G. Zupka, CPA, Inc., a firm of licensed independent certified public accountants. As part of the preparation of the comprehensive annual financial report, The District subjects its financial statements to an annual audit. The annual audit serves to strengthen The District's accounting, internal, and budgetary controls.

## ACKNOWLEDGEMENTS

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

Respectfully submitted.

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

Jerry Greiner  
President

A handwritten signature in blue ink, written in a cursive style that reads "Kay Ball".

Kay Ball  
CFO



Government Finance Officers Association

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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, 2018**

*Christopher P. Morill*

Executive Director/CEO

**NORTHWESTERN WATER & SEWER DISTRICT  
DISTRICT OFFICIALS  
DECEMBER 31, 2019**

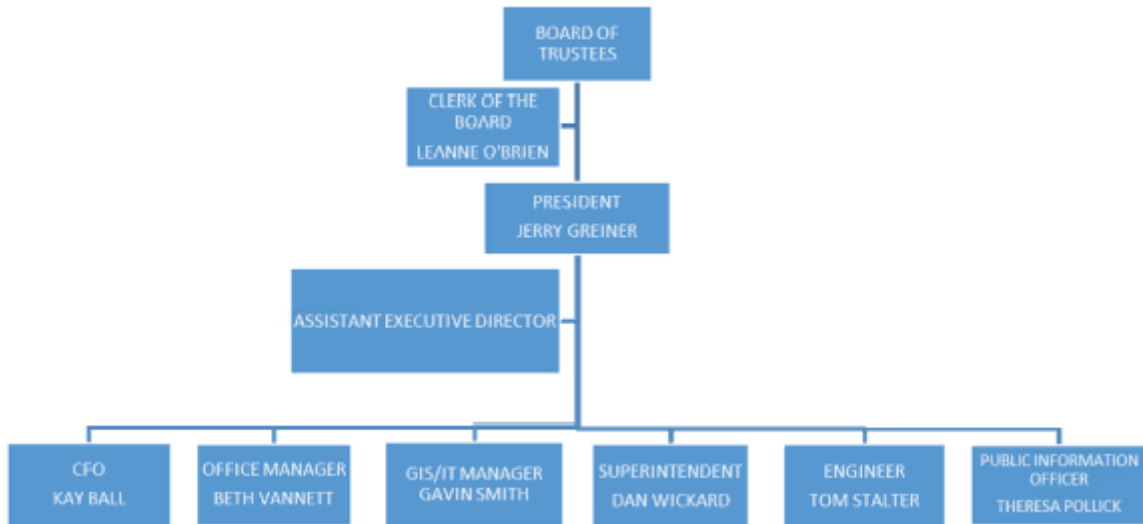
Board of Trustees

Office	Name	Date Originally Installed	Term Expires
Chairman	Mark Sheffer	10/5/2013	12/31/2021
Vice-Chairman	Steve Arnold	6/19/2014	12/31/2021
Secretary	John Cheney	7/21/1992	12/31/2022
Member	Melinda Kale	1/11/2007	12/31/2020
Member	William Hirzel	1/10/2008	12/31/2020
Member	Rob Armstrong	1/1/2017	12/31/2019
Member	Doug Miller	7/23/2015	12/31/2021
Member	Bill Verbosky	8/13/2015	12/31/2020
Member	Leonard Michaels	1/1/2011	12/31/2022

Senior Staff

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

**NORTHWESTERN WATER & SEWER DISTRICT  
ORGANIZATIONAL CHART  
DECEMBER 31, 2019**



**Number of Employees by Department**

Administration	3
Engineering	14
Operations	36
Finance	5
Office	11
GIS	<u>4</u>
 Total Employees - December 31, 2019	 <u>73</u>

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the Northwestern Water and Sewer District, Wood County, Ohio (the District), as of and for the years ended December 31, 2019 and December 31, 2018, 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, 2019 and December 31, 2018, and the changes in its financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

As discussed in Note 1 to the basic financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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

The Schedule of Revenue, Expenses, and Changes in Net Position - Budget to Actual (GAAP basis); the Schedule of Net Position - Information by Division; the Schedule of Revenues, Expenses and Changes in Net Position - Information by Division; and the Schedule of Cash Flows - Information by Division are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2020, 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.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

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

July 15, 2020

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

The following discussion provides a summary overview of the financial activities of the Northwestern Water & Sewer District (The District) for the year ended December 31, 2019. This information should be read in conjunction with the letter of transmittal and basic financial statements included in this report.

**Financial Highlights**

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$140,139,390 as of December 31, 2019.
- Change in net position was \$3,008,420 in 2019.
- Overall net position increased in 2019 by \$3,008,420, a decrease of \$423,613 was attributable to net investment in capital assets. The remaining change of a net increase of \$3,432,033 was attributable to a \$275,084 increase in restricted net position and \$3,156,949 increase in unrestricted net position.
- Debt increased \$6,350,427. Retirements of debt principal were \$4,666,664 and new issues of debt principal were \$11,017,091.

**Overview of the Financial Statements**

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

The Statements of Net Position present the District's financial position and report the resources owned by the District (assets), obligations owed by the District (liabilities), deferred outflows and inflows, and District net position (the difference between assets 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, \$121.6 million (87%) 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)**

	2019	2018	2017	Change			
				2019/2018		2018/2017	
				Amount	Percent	Amount	Percent
<b>ASSETS</b>							
Current Assets	\$ 30,357	\$ 26,523	\$ 23,247	\$ 3,834	14.5 %	\$ 3,276	14.1 %
Capital Assets, Net	203,428	197,566	194,518	5,862	3.0	3,048	1.6
Other Non-Current Assets	8,284	8,639	9,524	(355)	(4.1)	(885)	(9.3)
Total Assets	242,069	232,728	227,289	9,341	4.0	5,439	2.4
Deferred Outflows of Resources	3,632	2,229	3,011	1,403	62.9	(782)	(26.0)
<b>LIABILITIES</b>							
Current Liabilities	11,491	10,741	10,150	750	7.0	591	5.8
Long-Term Liabilities	93,785	82,911	82,099	10,874	13.1	812	1.0
Total Liabilities	105,276	93,652	92,249	11,624	12.4	1,403	1.5
Deferred Inflows of Resources	286	4,174	496	(3,888)	(93.1)	3,678	741.5
<b>NET POSITION</b>							
Net Investment in Capital Assets	121,662	122,085	117,942	(423)	(0.3)	4,143	3.5
Restricted	5,350	5,076	4,806	274	5.4	270	5.6
Unrestricted	13,127	9,970	14,807	3,157	31.7	(4,837)	(32.7)
Total Net Position	\$ 140,139	\$ 137,131	\$ 137,555	\$ 3,008	2.2 %	\$ (424)	(0.3)%

Net position increased by \$3,008 thousand during 2019 and increased by \$2,648 thousand during 2018 (offset by a restatement of beginning net assets due to GASB75). The majority of this change was due to the following:

- Debt, including current portion of long-term debt, increased by \$6,350,427 in 2019 and decreased by \$959,182 in 2018 related to borrowing for construction projects.
- Deferred inflow of resources related to pension decreased by \$3,887,845 in 2019 and deferred inflow increased by \$1,087,993 in 2018.

Net position increased by \$5,805 thousand during 2017. The majority of this change was due to the following:

- Debt, including current portion of long-term debt, increased by \$6,448,749 in 2017 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)**

	Change						
	2019	2018	2017	2019/2018		2018/2017	
				Amount	Percent	Amount	Percent
Utility Revenue	\$ 27,775	\$ 27,710	\$ 26,282	\$ 65	0.2%	\$ 1,428	5.4%
Fees and Permit	508	589	561	(81)	(13.8)	28	5.0
Contract Services	227	282	194	(55)	(19.5)	88	45.4
Other	519	498	490	21	4.2	8	1.6
Non-Operating Revenue	580	554	549	26	4.7	5	0.9
<b>Total Revenues</b>	<b>29,609</b>	<b>29,633</b>	<b>28,076</b>	<b>(24)</b>	<b>(0.1)</b>	<b>1,557</b>	<b>5.5</b>
Depreciation and							
Amortization	8,553	8,321	7,987	232	2.8	334	4.2
Other Operating Expense	20,453	17,743	17,145	2,710	15.3	598	3.5
Non-Operating Expense	2,042	3,173	2,263	(1,131)	(35.6)	910	40.2
<b>Total Expenses</b>	<b>31,048</b>	<b>29,237</b>	<b>27,395</b>	<b>1,811</b>	<b>6.2</b>	<b>1,842</b>	<b>6.7</b>
Net Revenue Before Aid in Construction	(1,439)	396	681	(1,835)	(463.4)	(285)	(41.9)
Aid in Construction	4,447	2,252	5,124	2,195	97.5	(2,872)	(56.0)
<b>Changes in Net Position</b>	<b>3,008</b>	<b>2,648</b>	<b>5,805</b>	<b>\$ 360</b>	<b>13.6 %</b>	<b>\$ (3,157)</b>	<b>(54.4)%</b>
<b>Beginning Net Position</b>	<b>137,131</b>	<b>134,483</b>	<b>131,750</b>				
<b>Ending Net Position</b>	<b>\$ 140,139</b>	<b>\$ 137,131</b>	<b>\$ 137,555</b>				

Utility revenues increased in 2019 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 Expenses increased in 2019 due to incremental increases to general insurance, small equipment and bad debt write offs.

Utility revenues increased in 2018 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 Expenses increased in 2018 due to incremental increases to general insurance, small equipment and bad debt write offs. Beginning Net Position for December 31, 2018, was restated due to the implementation of GASB75.

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

**Capital Assets**

At the end of 2019, The District had \$203,427,924 invested in capital assets net of depreciation. This amount represents a net increase of approximately \$5.9 million, or 3.0% over 2018.

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

	2019	2018	2017	Change			
				2019/2018		2018/2017	
				Amount	Percent	Amount	Percent
Land and Easements	\$ 1,159	\$ 1,109	\$ 1,104	\$ 50	4.5 %	\$ 5	0.5 %
Construction in Progress	17,967	18,765	24,988	(798)	(4.3)	(6,223)	(24.9)
Water and Sewer Lines	137,268	136,354	129,280	914	0.7	7,074	5.5
Buildings, Structures, and Improvements	36,056	31,597	29,140	4,459	14.1	2,457	8.4
Equipment	10,978	9,741	10,006	1,237	12.7	(265)	(2.6)
<b>Total</b>	<b>\$ 203,428</b>	<b>\$ 197,566</b>	<b>\$ 194,518</b>	<b>\$ 5,862</b>	<b>3.0 %</b>	<b>\$ 3,048</b>	<b>1.6 %</b>

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 and construction in progress.

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

**Debt Administration**

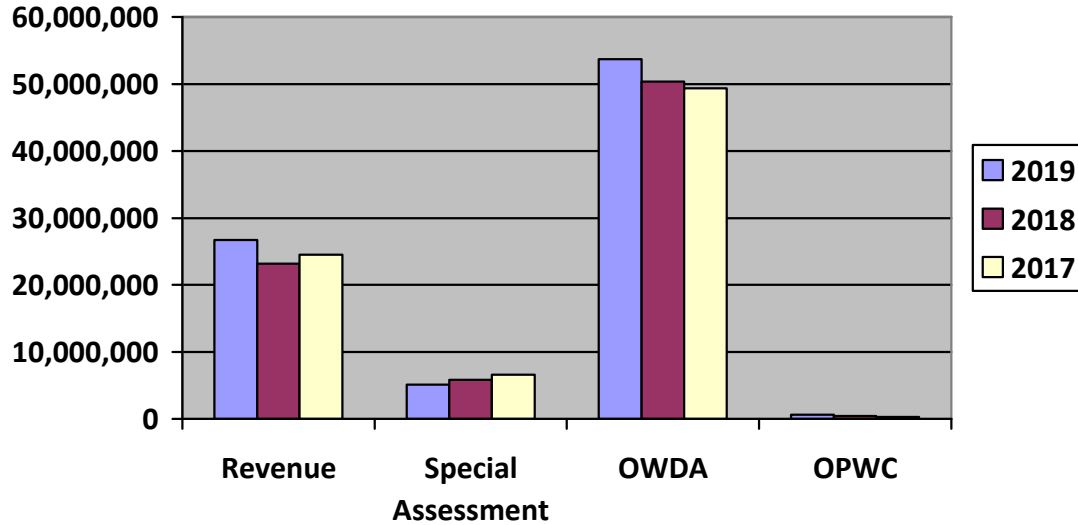
At December 31, 2019, The District had total debt outstanding of \$86,111,269 compared to \$79,760,842 at December 31, 2018. This represents an increase of \$6,350,427. During 2019, the District issued \$11,017,091 of new debt and repaid \$4,666,664 in principal on outstanding debt. At December 31, 2018, the District had total debt outstanding of \$79,760,842 compared to \$80,720,024 at December 31, 2017. This represents a decrease of \$959,182. During 2018, the District issued \$3,484,823 of new debt and repaid \$4,444,005 in principal on outstanding debt. The District has ratings on its long-term debt of Aa3 from Moody's Investor Service and AA- from Standard and Poor's. This information should be read in conjunction with Notes 5 and 6 to the audited financial statements for more detailed information on long-term debt.

**Outstanding Debt at December 31,**

	2019	2018	2017
Revenue Bonds and Notes and Capital Leases	\$ 26,689,921	\$ 23,165,655	\$ 24,488,741
Special Assessment Bonds and Notes	5,084,551	5,829,551	6,574,552
Ohio Water Development Authority	53,710,615	50,353,224	49,347,712
Ohio Public Works Commission	626,182	412,412	309,019
<b>Total</b>	<b>\$ 86,111,269</b>	<b>\$ 79,760,842</b>	<b>\$ 80,720,024</b>

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

**Type of Debt by Year**



**Economic Factors**

Based on The District's 2019 budget, sewer rates were increased 1.76% for a customer using 1,000 cubic feet. Water rates were increased 2.2%, effective January 1, 2019 for a customer using 1,000 cubic feet of water. The increases in both water and sewer rates are due in part to the Board of Trustees implementing the policy of including depreciation in rates on a prorated basis over 15 years. The board has directed that rates be reviewed on an annual basis. The District is subject to the general economic slowdown in housing construction seen across the country.

In 2020, the District expects new residential construction to be slow but does expect to see a slight increase in housing construction as new plans are being proposed for additional housing starts.

**Contacting The District's Financial Management**

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

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents - Unrestricted	\$ 12,605,401	\$ 8,191,442
Cash and Cash Equivalents - Restricted	4,105,511	3,844,342
Investments - Unrestricted	7,057,204	5,342,045
Investments - Restricted	1,245,002	1,231,087
Accounts Receivable - Trade	3,542,321	3,417,040
Grant Receivable	-	2,794,000
Current Portion of Special Assessments	1,000,169	975,352
Inventory	593,627	549,814
Prepaid Expenses	208,030	177,915
Total Current Assets	30,357,265	26,523,037
<b>NONCURRENT ASSETS</b>		
Capital Assets		
Depreciable:		
Sewer and Water Lines	232,874,966	227,407,380
Buildings, Pumps, and Lift Stations	49,866,781	43,171,807
Machinery and Equipment	15,563,884	13,376,609
Vehicles	4,051,272	3,825,768
Furniture and Fixtures	509,500	509,500
Computer Equipment	2,544,094	2,426,838
Improvements - Oregon Waste Water Treatment Plant	6,580,004	6,580,004
Total Depreciable Capital Assets	311,990,501	297,297,906
Accumulated Depreciation and Amortization	(127,688,135)	(119,606,366)
Net Depreciable Capital Assets	184,302,366	177,691,540
Nondepreciable:		
Land	775,124	718,442
Easements	383,466	390,515
Construction in Progress	17,966,968	18,765,302
Net Capital Assets	203,427,924	197,565,799
<b>OTHER ASSETS</b>		
Net Pension Asset	29,668	28,324
Special Assessments, Less Current Portion	8,253,698	8,610,851
Total Other Assets	8,283,366	8,639,175
Total Noncurrent Assets	211,711,290	206,204,974
Total Assets	242,068,555	232,728,011
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Debt Refunding	468,981	477,254
Pension	2,724,267	1,508,680
OPEB	438,997	243,115
Total Deferred Outflows	3,632,245	2,229,049
Total Assets and Deferred Outflows of Resources	\$ 245,700,800	\$ 234,957,060

See accompanying Notes to Financial Statements

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2019 AND 2018 (CONTINUED)**

	2019	2018
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 5,414,936	\$ 5,137,263
Current Portion of Compensated Absences Payable	353,743	307,069
Accounts Payable - Trade	3,358,589	3,257,067
Accrued Payroll and Payroll Taxes	469,956	409,431
Accrued Interest Payable	908,149	985,826
Accounts Due Others	985,312	644,328
Total Current Liabilities	11,490,685	10,740,984
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Less Current Portion	80,696,333	74,623,579
Net Pension Liability	8,691,026	4,751,757
Net OPEB Liability	4,167,222	3,303,660
Compensated Absences Payable, Less Current Portion	230,181	232,302
Total Long-Term Liabilities	93,784,762	82,911,298
Total Liabilities	105,275,447	93,652,282
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Federal and State Grants	-	2,798,000
Deferred Revenues	10,000	-
Pension	264,656	1,129,708
OPEB	11,307	246,100
Total Deferred Inflows	285,963	4,173,808
Total Liabilities and Deferred Inflows of Resources	\$ 105,561,410	\$ 97,826,090
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 121,661,872	\$ 122,085,485
Restricted for Debt Service	5,350,513	5,075,429
Unrestricted	13,127,005	9,970,056
Total Net Position	\$ 140,139,390	\$ 137,130,970

See accompanying Notes to Financial Statements

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>OPERATING REVENUES</b>		
Utility Revenue	\$ 27,775,054	\$ 27,710,562
Fees and Permits	507,936	588,720
Contract Services	226,866	282,241
Other	519,382	497,548
Total Operating Revenues	29,029,238	29,079,071
<b>OPERATING EXPENSES</b>		
Depreciation and Amortization	8,553,476	8,321,181
Labor	4,408,924	4,228,871
Employee Benefits	3,959,296	2,408,631
Professional Services	1,902,824	1,665,822
Purchased Water and Sewer Treatment	6,798,198	6,313,924
Materials and Supplies	1,612,782	1,427,267
Utilities	781,140	729,279
Other	989,068	968,985
Total Operating Expenses	29,005,708	26,063,960
Operating Income	23,530	3,015,111
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	580,301	553,512
Interest Expense	(2,012,215)	(2,263,386)
Other Expense	(30,068)	(909,998)
Total Nonoperating Revenues (Expenses)	(1,461,982)	(2,619,872)
<b>AID IN CONSTRUCTION</b>	4,446,872	2,252,902
Change in Net Position	3,008,420	2,648,141
<b>NET POSITION</b>		
Net Position at Beginning of Year (Restated for 2018)	137,130,970	134,482,829
<b>NET POSITION AT END OF YEAR</b>	\$ 140,139,390	\$ 137,130,970

See accompanying Notes to Financial Statements

**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers	\$ 31,707,957	\$ 29,363,099
Cash Payments to Suppliers for Goods and Services	(11,715,434)	(10,554,162)
Cash Payments to Employees for Services	(8,762,696)	(6,259,656)
Net Cash Provided by Operations	11,229,827	12,549,281
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Aid in Construction	4,446,872	2,252,902
Acquisition and Construction of Capital Assets	(15,068,710)	(12,670,018)
Proceeds from Sale of Capital Assets	653,109	1,301,500
Proceeds from Issuance of Long-Term Debt	11,017,091	3,484,823
Repayment of Long-Term Debt	(4,666,664)	(4,444,005)
Collections on Special Assessments	600,545	1,082,177
Assessed Special Assessments	(268,209)	(174,924)
Interest Paid	(2,119,960)	(3,115,712)
Net Cash Used by Capital and Related Financing Activities	(5,405,926)	(12,283,257)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	580,301	553,512
Proceeds on Sale of Investments	3,181,423	2,960,916
Purchases of Investments	(4,910,497)	(3,566,232)
Net Cash Used by Investing Activities	(1,148,773)	(51,804)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,675,128	214,220
Cash and Cash Equivalents - Beginning of Year	12,035,784	11,821,564
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 16,710,912	\$ 12,035,784
<b>RESTRICTED CASH AND CASH EQUIVALENTS</b>	\$ 4,105,511	\$ 3,844,342
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	\$ 12,605,401	\$ 8,191,442
<b>SUPPLEMENTAL CASH FLOW INFORMATION (NONCASH ITEMS)</b>		
Aid in Construction	\$ 560,109	\$ 535,724
Easements Received	\$ -	\$ 1,000

See accompanying Notes to Financial Statements



**NORTHWESTERN WATER & SEWER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating Income	\$ 23,530	\$ 3,015,111
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	8,553,476	8,321,181
Changes in Operating Assets and Liabilities that Increase		
(Decrease) Cash Flows:		
Accounts Receivable - Trade	(125,281)	(169,894)
Grant Receivable	2,794,000	(2,344,078)
Inventory	(43,813)	53,531
Prepaid Expenses	469,885	1,903
Deferred Outflow - Refunding	8,273	(447,955)
Deferred Outflow - Pension	(1,215,587)	1,465,197
Deferred Outflow - OPEB	(195,882)	(234,843)
Net Pension Asset	(1,344)	(20,078)
Accounts Payable - Trade	(398,478)	791,576
Accrued Payroll and Payroll Taxes	60,525	37,934
Accounts Due Others	340,984	(295,895)
Net Pension Liability	3,939,269	(1,548,888)
Net OPEB Liability	863,562	230,884
Compensated Absences Payable	44,553	15,424
Deferred Inflow - Grants	(2,794,000)	2,344,078
Deferred inflows - Deferred Revenues	6,000	-
Deferred Inflow - Pension	(865,052)	1,087,993
Deferred Inflow - OPEB	(234,793)	246,100
Total Adjustments	11,206,297	9,534,170
Net Cash Provided by Operations	\$ 11,229,827	\$ 12,549,281

See accompanying Notes to Financial Statements

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**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 three 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. On October 24, 2019, the District passed a resolution to merge Henry County Regional Water and Sewer District into the District, transferring all assets of Henry County Regional Water and Sewer District to the District subsequent to year end.

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.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**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.

**Measurement Focus**

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

**Use of Estimates**

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

**Budgetary Process**

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

**Cash and Cash Equivalents**

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

**Accounts Receivable – Trade**

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

**Debt Issuance Costs**

Debt issuance costs are expensed when incurred.

**Special Assessments Receivable**

Special assessments receivable 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, 2019 AND 2018**

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

**Inventory**

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

**Capital Assets**

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

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

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

Construction in process includes all of the District's costs to develop capital asset projects. The projects are funded through board restriction of assets and construction loans. Interest expense incurred throughout the construction phase of a project is capitalized as part of the cost of the asset under construction to the extent it exceeds interest income on the related invested debt proceeds. The District had minimal capitalized interest for the years ended December 31, 2019 and 2018.

**Investments**

Investments are stated at fair value.

**Pensions and OPEB**

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

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Compensated Absences**

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

**Deferred Outflows and Inflows**

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

**Revenues and Expenses**

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

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

**Aid in Construction**

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

**Net Position**

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

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Net Position (Continued)**

The District's board of trustees has designated unrestricted net position of \$6,050,875 and \$5,854,951 as of December 31, 2019 and 2018, 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. Nondirect expenses are generally allocated based upon management's estimate of costs applicable to the respective divisions. Nondirect expenses were allocated to the sewer and water divisions, 48% and 52% in 2019 and 2018.

**Subsequent Event**

The United States and the state of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

In 2019, the District adopted the following accounting principles issued by the Governmental Accounting Standards Board:

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations Reporting*. The primary objective of This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement was adopted for the District's year ended December 31, 2019 with no material impact on the District.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement was adopted for the District's year ended December 31, 2019 with no material impact on the District.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 NEWLY ADOPTED STATEMENT ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (CONTINUED)**

In March 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement was adopted for the District's year ended December 31, 2019 with no material impact on the District.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement was adopted for the District's year ended December 31, 2019 with no material impact on the District.

**NOTE 3 CASH AND INVESTMENTS**

**Deposits**

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

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the District has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Deposits (Continued)**

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. The collateral is pooled through the Ohio Pooled Collateral System. Under this program, public depositories that pledge a collateral pool using the method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2) shall pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositors to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total fair value of securities so pledged is at least equal to either one hundred 2% of the total amount of all uninsured public deposits or an amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate fair value of the pool of eligible securities pledged by a public depository. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required. The carrying value of the District's deposits was \$13,610,697 and \$8,986,343 at December 31, 2019 and 2018, respectively. At December 31, 2019, the bank balance of \$14,034,516 was covered by federal depository insurance and \$13,784,516 was covered by collateral held by the pledging financial institution, but not in the name of the District. At December 31, 2018, the bank balance of \$9,132,845 was covered by federal depository insurance and \$8,882,845 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, 2019 AND 2018**

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

**Investments**

As of December 31, 2019, the District has not established a formal policy relating to interest rate risk. The District's investments and cash equivalents consist of the following:

	2019		
	Fair Value	Maturity Less Than 1	Maturity 1-5 years
<u>Investments</u>			
U.S. Treasuries and Federal Agency Obligations	\$ 8,269,961	\$ 1,764,642	\$ 6,505,319
Money Market Mutual Funds	915,507	915,507	-
STAR Ohio	2,216,953	2,216,953	-
Total Investments, Including Restricted	<u>\$ 11,402,421</u>	<u>\$ 4,897,102</u>	<u>\$ 6,505,319</u>
	2018		
	Fair Value	Maturity Less Than 1	Maturity 1-5 years
U.S. Treasuries and Federal Agency Obligations	\$ 6,534,157	\$ 1,481,663	\$ 5,052,494
Money Market Mutual Funds	922,237	922,237	-
STAR Ohio	2,166,179	2,166,179	-
Total Investments, Including Restricted	<u>\$ 9,622,573</u>	<u>\$ 4,570,079</u>	<u>\$ 5,052,494</u>

Investments held by the District at December 31, 2019 and 2018 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.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

<u>Investment Type</u>	2019			
	<u>Fair Value</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA+</u>
U.S. Treasuries and Federal Agency Obligations	\$ 8,269,961	\$ 2,097,847	\$ -	\$ 6,172,114
Money Market Mutual Funds	915,507	915,507	-	-
Star Treasury Reserve of Ohio (STAROhio)	2,216,953	-	2,216,953	-
Total Investments	<u>\$ 11,402,421</u>	<u>\$ 3,013,354</u>	<u>\$ 2,216,953</u>	<u>\$ 6,172,114</u>

<u>Investment type</u>	2018			
	<u>Fair Value</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA+</u>
U.S. Treasuries and Federal Agency Obligations	\$ 6,534,157	\$ 444,674	\$ -	\$ 6,089,483
Money Market Mutual Funds	922,237	922,237	-	-
Star Treasury Reserve of Ohio (STAROhio)	2,166,179	-	2,166,179	-
Total Investments	<u>\$ 9,622,573</u>	<u>\$ 1,366,911</u>	<u>\$ 2,166,179</u>	<u>\$ 6,089,483</u>

Reconciliation of this footnote to the financial statements:

	2019	2018
Carrying Amount of Bank Deposits - per Note Above	\$ 13,610,697	\$ 8,986,343
Investments - Per Note Above	11,402,421	9,622,573
Total	<u>\$ 25,013,118</u>	<u>\$ 18,608,916</u>

	2019	2018
Statement of Net Position:		
Cash and Cash Equivalents - Unrestricted	\$ 12,605,401	\$ 8,191,442
Cash and Cash Equivalents - Restricted	4,105,511	3,844,342
Investments - Unrestricted	7,057,204	5,342,045
Investments - Restricted	1,245,002	1,231,087
Total	<u>\$ 25,013,118</u>	<u>\$ 18,608,916</u>

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

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**Investments (Continued)**

As of December 31, 2019 and 2018 the District's investments had the following recurring fair value measurements:

<u>Investment Type</u>	2019			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries and Federal Agency Obligations	\$ -	\$ 8,269,961	\$ -	\$ 8,269,961
Money Market Mutual Funds	915,507	-	-	915,507
Star Treasury Reserve of Ohio (STAROhio)	2,216,953	-	-	2,216,953
Total	<u>\$ 3,132,460</u>	<u>\$ 8,269,961</u>	<u>\$ -</u>	<u>\$ 11,402,421</u>

<u>Investment type</u>	2018			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries and Federal Agency Obligations	\$ -	\$ 6,534,157	\$ -	\$ 6,534,157
Money Market Mutual Funds	922,237	-	-	922,237
Star Treasury Reserve of Ohio (STAROhio)	2,166,179	-	-	2,166,179
Total	<u>\$ 3,088,416</u>	<u>\$ 6,534,157</u>	<u>\$ -</u>	<u>\$ 9,622,573</u>

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. In 2019, the District's investment in U.S. Treasury Notes represents 18% of the District's total investments. The District's investment in Freddie Mac bonds represents 16% of the District's total investments in 2019. The District's investment in Federal National Mortgage Association notes represents 13% of the District's total investments in 2019. The District's investment in Farm Credit System represents 13% of the District's investments in 2019. The District's investment in STAROhio represents 19% of the District's investments in 2019.

In 2018, the District's investment in U.S. Treasury Notes represents 4% of the District's total investments. The District's investment in Federal Home Loan represents 14% of the District's total investments in 2018. In 2018, the District's investment in Federal Home Loan Bank Notes represents 22% of the District's total investments. The District's investment in Freddie Mac bonds represents 10% of the District's total investments in 2018. The District's investment in Federal Farm Credit Bank notes represents 7% of the District's total investments in 2018. The District's investment in Federal National Mortgage Association notes represents 10% of the District's total investments in 2018. The District's investment in STAROhio represents 23% of the District's investments in 2018. The District's investment in money market mutual funds represents 10% of the District's investments in 2018.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 4 CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance - December 31, 2018	Additions	Retirements	Transfers	Balance - December 31, 2019
<b>Nondepreciable:</b>					
Land	\$ 718,442	\$ 56,682	\$ -	\$ -	\$ 775,124
Easements	390,515	-	(7,049)	-	383,466
Construction in Progress	18,765,302	13,857,926	(496,875)	(14,159,385)	17,966,968
<b>Total Nondepreciable</b>	<b>19,874,259</b>	<b>13,914,608</b>	<b>(503,924)</b>	<b>(14,159,385)</b>	<b>19,125,558</b>
<b>Depreciable:</b>					
Sewer and Water Lines	227,407,380	38,719	(236,240)	5,665,107	232,874,966
Buildings, Pumps, and Lift Station	43,171,807	37,155	-	6,657,819	49,866,781
Machinery and Equipment	13,376,609	581,172	(158,656)	1,764,759	15,563,884
Vehicles	3,825,768	369,437	(143,933)	-	4,051,272
Furniture and Fixtures	509,500	-	-	-	509,500
Computer Equipment	2,426,838	127,619	(82,063)	71,700	2,544,094
Improvements - Oregon Wastewater Treatment Plant	6,580,004	-	-	-	6,580,004
<b>Total Depreciable</b>	<b>297,297,906</b>	<b>1,154,102</b>	<b>(620,892)</b>	<b>14,159,385</b>	<b>311,990,501</b>
<b>Totals at Historical Cost</b>	<b>317,172,165</b>	<b>15,068,710</b>	<b>(1,124,816)</b>	<b>-</b>	<b>331,116,059</b>
<b>Accumulated Depreciation:</b>					
Sewer and Water Lines	91,053,583	4,739,945	(186,639)	-	95,606,889
Buildings, Pumps, and Lift Station	14,764,315	2,038,011	-	-	16,802,326
Machinery and Equipment	5,497,305	973,896	(52,659)	-	6,418,542
Vehicles	2,596,098	332,031	(143,933)	-	2,784,196
Furniture and Fixtures	391,520	26,276	-	-	417,796
Computer Equipment	1,912,605	238,703	(82,063)	-	2,069,245
Improvements - Oregon Wastewater Treatment Plant	3,390,940	198,201	-	-	3,589,141
<b>Total Accumulated Depreciation</b>	<b>119,606,366</b>	<b>8,547,063</b>	<b>(465,294)</b>	<b>-</b>	<b>127,688,135</b>
<b>Capital Assets, Net</b>	<b>\$ 197,565,799</b>	<b>\$ 6,521,647</b>	<b>\$ (659,522)</b>	<b>\$ -</b>	<b>\$ 203,427,924</b>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

Capital asset activity for the year ended December 31, 2018 is as follows:

	Balance - December 31, 2017	Additions	Retirements	Transfers	Balance - December 31, 2018
<b>Nondepreciable:</b>					
Land	\$ 714,787	\$ 3,655	\$ -	\$ -	\$ 718,442
Easements	389,515	1,000	-	-	390,515
Construction in Progress	24,987,699	10,555,648	(147,194)	(16,630,851)	18,765,302
Total Nondepreciable	<u>26,092,001</u>	<u>10,560,303</u>	<u>(147,194)</u>	<u>(16,630,851)</u>	<u>19,874,259</u>
<b>Depreciable:</b>					
Sewer and Water Lines	215,800,917	615,671	(337,664)	11,328,456	227,407,380
Buildings, Pumps, and Lift Station	39,268,819	5,278	(982,762)	4,880,472	43,171,807
Machinery and Equipment	12,662,101	730,642	(343,265)	327,131	13,376,609
Vehicles	3,694,310	299,204	(167,746)	-	3,825,768
Furniture and Fixtures	509,500	-	-	-	509,500
Computer Equipment	2,100,596	261,282	(29,832)	94,792	2,426,838
Improvements - Oregon Wastewater Treatment Plant	6,580,004	-	-	-	6,580,004
Total Depreciable	<u>280,616,247</u>	<u>1,912,077</u>	<u>(1,861,269)</u>	<u>16,630,851</u>	<u>297,297,906</u>
Totals at Historical Cost	306,708,248	12,472,380	(2,008,463)	-	317,172,165
<b>Accumulated Depreciation:</b>					
Sewer and Water Lines	86,520,920	4,600,132	(67,469)	-	91,053,583
Buildings, Pumps, and Lift Station	13,515,710	1,792,133	(543,528)	-	14,764,315
Machinery and Equipment	4,704,701	882,219	(89,615)	-	5,497,305
Vehicles	2,336,300	427,544	(167,746)	-	2,596,098
Furniture and Fixtures	363,258	28,262	-	-	391,520
Computer Equipment	1,556,158	386,279	(29,832)	-	1,912,605
Improvements - Oregon Wastewater Treatment Plant	3,192,739	198,201	-	-	3,390,940
Total Accumulated Depreciation	<u>112,189,786</u>	<u>8,314,770</u>	<u>(898,190)</u>	<u>-</u>	<u>119,606,366</u>
Capital Assets, Net	<u>\$ 194,518,462</u>	<u>\$ 4,157,610</u>	<u>\$ (1,110,273)</u>	<u>\$ -</u>	<u>\$ 197,565,799</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT**

The District has 97 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, 2019 and 2018:

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	Amount Outstanding	
					2019	2018
WL #167 - 183	05/24/99	\$ 3,503,947	5.56 %	07/01/20	\$ 280,813	\$ 546,556
SS #904 & WL #904	08/31/00	1,660,596	3.00	01/01/21	196,527	317,614
WL #300	10/28/04	90,500	4.10	01/01/25	32,570	37,749
WL #318	09/31/04	338,000	4.56	07/01/24	114,821	134,839
SS #1000	11/04/04	168,224	4.56	07/01/24	57,347	67,345
Weston 2918	02/25/93	943,552	2.00	01/01/19	-	23,704
Weston 3587	09/26/01	560,079	1.50	07/01/23	125,791	156,081
Weston 4046	02/26/04	420,316	1.50	07/01/25	139,527	161,589
Williamsburg 5097	04/30/09	650,829	3.70	07/01/29	270,860	292,878
Northwood 2069	12/11/97	830,175	5.88	07/01/23	223,084	271,333
Northwood 2070	05/28/98	360,000	5.66	07/01/23	95,187	115,886
Weston 5730	10/27/10	908,842	3.41	01/01/31	523,084	559,675
Custar 4444	01/26/06	782,759	1.50	01/01/37	498,556	523,296
Milton Center 4714	05/31/07	757,375	1.00	07/01/38	505,592	529,640
Metering 5865	05/26/11	1,969,940	4.45	07/01/31	1,322,638	1,404,488
Weston 5867	05/26/11	1,389,150	-	01/01/33	929,088	997,909
Bloomdale 4329 Country						
Manor SS Force	06/30/05	530,152	2.00	01/01/36	330,081	346,814
Rossford 6457	05/30/13	454,582	3.44	01/01/44	297,704	305,346
Rossford 6464	05/30/13	1,298,907	2.67	01/01/34	952,557	1,005,718
Rossford 6475	06/27/13	2,153,389	2.59	07/01/34	1,723,493	1,816,438
Five Point 6581	10/31/13	1,105,909	2.89	07/01/34	711,655	749,080
Custar WL 6231	06/28/12	596,739	-	07/01/43	439,159	457,457
Cygnat 6335	12/06/12	751,817	3.19	07/01/43	528,780	543,264
Homecraft SS						
Laterals 6309	10/25/12	554,528	2.48	07/01/33	370,629	392,526
Huffman Rd 6118	12/08/11	17,500	-	01/01/19	-	1,750
Jennings Rd 6382	01/31/13	767,692	2.94	01/01/44	672,229	690,745
Milton Center 6230	06/28/12	842,856	-	07/01/43	610,097	635,518
Morton Building 6396	02/28/13	381,694	3.09	01/01/43	325,906	335,228
Perrysburg Twp 6260	08/30/12	193,950	3.36	07/01/42	159,327	163,859
Rossford Clearwell 6383	01/31/13	3,777,878	2.94	01/01/44	2,830,162	2,908,116
Rossford Tree St 6232	06/28/12	858,032	2.64	07/01/32	590,478	628,100
Stony Ridge 6397	02/28/13	694,644	1.98	01/01/44	610,082	626,536
SS100 Master Meter 6500	07/25/13	274,953	2.57	07/01/33	189,456	200,571
Walbridge Laterals 6583	10/31/13	540,638	3.59	07/01/34	383,200	402,193
Rossford Tree Streets						
PR 6644	12/12/13	509,997	3.37	01/01/35	347,357	364,179
Hillside Dr SS 6676	02/27/14	389,462	3.44	01/01/35	321,608	337,088
Rossford Citywide						
I & I 6641	12/13/13	460,927	3.37	07/01/34	372,788	391,613
Ampoint SS 6674	02/27/14	1,902,014	3.44	01/01/35	1,557,641	1,632,614
Hufford Rd WL 6742	05/29/14	1,112,050	3.16	01/01/35	855,372	897,565
Rossford Colony I & I 6773	06/26/14	1,395,708	3.09	07/01/35	1,170,271	1,226,072
East Broadway WL 6766	06/26/14	714,388	2.59	01/01/35	516,677	543,457
100 Area WL 6741	05/29/14	356,451	3.16	01/01/35	268,896	282,160
Jennings Rd PS 6695	03/27/14	721,878	3.33	01/01/35	572,530	600,355
E Broadway WL 6747	05/29/14	369,454	4.00	01/01/45	119,542	116,786
Bloomdale PS 6930	03/26/15	211,816	2.74	01/01/46	184,787	189,481

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	Amount Outstanding	
					2019	2018
Wise St SS 6893	01/29/15	\$ 923,133	3.03 %	01/01/46	\$ 662,286	\$ 678,386
WL 200 Study 6926	02/26/15	17,878	-	07/01/20	3,027	6,054
WL 100 Study 6925	02/26/15	21,071	-	07/01/20	4,016	8,032
Homecraft SS Laterals 6843	10/30/14	728,574	2.96	07/01/35	475,386	498,320
Pump Station Sewer Imp 6943	03/26/15	369,550	1.80	01/01/36	291,740	304,010
Colony Rd PS Replacement 7007	05/28/15	2,801,424	1.99	01/01/36	2,071,897	2,138,326
Water Loss Audit 7087	08/27/15	148,143	-	07/01/21	56,497	84,746
Bays Rd WL 7064	07/01/15	313,001	-	07/01/36	273,399	287,046
BG 2nd WL Connection 7119	09/24/15	487,386	-	07/01/36	425,808	447,162
Rossford 7158	10/29/15	745,156	2.18	07/01/36	590,947	619,385
2nd Portage WL 7185	12/10/15	426,791	1.64	07/01/36	458,043	481,229
SS 200 Area I & I 7159	10/29/15	262,721	1.68	07/01/36	177,040	185,968
Bloomdale Rehab 7063	07/30/15	101,011	1.79	07/01/36	86,235	90,539
Northern Area 7253	02/25/16	757,780	1.85	01/01/37	644,573	675,504
Tracy Rd SS 7397	06/30/16	2,844,821	2.18	01/01/37	2,217,157	2,353,677
Hillview Dr 7258	02/25/16	121,186	1.85	01/01/37	97,957	101,925
WL 300 Area 7337	05/26/16	358,847	1.27	01/01/37	318,800	334,971
Oregon EQ Basin 7254	02/25/16	6,087,816	1.85	01/01/37	5,345,446	5,301,913
Eastwood School 7476	09/29/16	860,359	2.01	07/01/36	752,187	788,968
Bairdtown WWTP 7468	08/25/16	1,788,861	-	01/01/38	1,599,281	1,725,345
Northwood 7088	08/27/15	237,914	2.32	07/01/36	208,759	218,673
McComb SS 4235	01/27/05	89,843	4.50	07/01/25	35,722	40,803
McComb CSO 5067	02/26/09	412,026	-	07/01/29	206,013	226,614
Milbury SS 7540	12/08/16	1,225,129	1.55	07/01/37	946,322	615,830
McComb WTP 2155	01/28/99	1,210,580	3.5-5.5	07/01/20	89,594	175,220
McComb WT 6485	06/27/13	994,336	2.00	07/01/35	761,795	804,614
PPCP WL 7531	12/08/16	217,700	-	01/01/23	108,135	151,675
Carrington Woods & Totogany 7559	01/26/17	379,925	2.85	07/01/37	361,355	376,011
Hanson, George WL Replace 7560	02/08/17	755,885	2.85	01/01/38	710,965	739,263
Southern Serv Area Water System	09/09/16	474,827	0.76	01/01/37	419,346	407,627
Taylor 7651 WL	04/05/17	399,409	1.83	01/01/38	375,990	392,926
Hamlet 7820 WL	08/10/17	581,310	1.89	01/01/38	544,535	462,576
Curtice 7727 WL	06/08/17	1,069,866	1.63	01/01/38	866,947	916,178
Starbright 7814 WL	08/07/17	1,087,657	1.89	01/01/38	962,872	902,448
Williamsburg 7541	11/07/16	504,305	1.55	07/01/37	333,148	344,603
Nutrient Removal	11/09/16	49,000	-	07/01/37	29,398	39,197
Perrysburg I&I 7813	08/07/17	1,119,722	1.39	01/01/38	890,199	344,406
Lead Elimination 7966	01/29/18	1,003,450	1.81	10/01/22	815,636	61,877
White Rd/ Vineyard WL 8101	05/04/18	706,698	2.15	10/01/22	693,025	63,619
McComb WL Imp 7980	04/06/18	321,351	2.70	07/01/39	266,870	261,821
Oregon/Bays Rd Elevated Tank 8095	06/04/18	463,500	2.90	01/01/40	424,996	180,220
Weston Silver St WL 7979	04/06/18	144,475	2.70	07/01/38	136,115	141,722
McComb Clearwell 8212	08/06/18	1,106,715	-	10/01/23	1,030,049	14,742
Weston Center St 8258	11/06/18	413,816	2.93	07/01/39	-	1,448
Hoytville 7812	08/07/17	85,873	-	04/01/22	81,579	7,255
Rudolph Rd Forcemain 7257	08/31/17	180,218	-	06/01/37	140,720	149,730
Lime City Buck Rd WL ODOT 7987	04/06/18	426,852	2.70	07/01/39	387,856	269,409
Rossford Various St Sewer Rehab 8340	1/31/2019	827,474	3.10	01/01/40	724,125	-
Weston Center St/Euler/Cygnnet 8258	10/25/2018	413,820	2.93	01/01/39	345,980	-
Weston Meter Pit 8492	04/25/19	306,839	2.09	01/01/40	77,134	-
Millbury SS IMP PH2 8621	07/25/19	933,679	1.00	01/01/41	114,667	-
WL 101 Repair 8628	08/29/19	536,574	2.10	01/01/40	76,731	-

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	Amount Outstanding	
					2019	2018
Troy TWP WL IMP 8629	08/29/19	936,505	2.10 %	07/01/40	\$ 576,894	\$ -
Eagle Point SS Rehab 8665	09/26/19	1,377,781	1.22	01/01/41	72,855	-
Ampoint WL 8719	12/12/19	1,097,018	1.10	01/01/41	14,617	-
Total					<u>\$ 53,710,615</u>	<u>\$ 50,353,224</u>

Other long-term loans at December 31, 2019 and 2018 are as follows:

Date of Issue	Purpose	Interest Rate	Maturity Date	Amount Outstanding	
				2019	2018
08/13/98	Jerry City SS #1800 OPWC Loan	- %	07/01/19	\$ -	\$ 25,285
09/08/98	Jerry City SS #1800 USDA Loan	4.75	09/08/38	199,600	206,000
07/31/04	Jerry City WL #CE37F	-	01/01/25	53,383	63,089
11/03/04	Rudolph SS #CE33E	-	07/01/24	20,709	24,851
07/01/07	Village of Custar #CE411	-	01/01/27	9,375	10,625
07/01/06	OPWC Bloomdale CT17H	-	07/01/26	6,408	7,323
07/01/14	OPWC Rossford Tree St SS Improvements	-	01/01/34	119,997	128,273
07/01/17	Silver St CE42U OPWC	-	07/01/37	152,966	152,966
09/30/18	Huntington Bank-McComb WWTP	3.25	09/30/20	-	50,001
12/19/19	USDA McComb WWTP	2.38	08/31/40	4,833,000	-
07/11/17	OPWC McComb Raw Water PS CM26U	-	01/01/21	263,344	-
Total				<u>\$ 5,658,782</u>	<u>\$ 668,413</u>

Bonded debt at December 31, 2019 and 2018 is as follows:

Date of Issue	Purpose	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	
					2019	2018
09/23/99	Special Assessment Bond	\$ 500,000	5.85%	12/01/19	\$ -	\$ 40,000
09/20/00	Special Assessment Bond	175,000	6.13	12/01/20	10,000	20,000
03/03/16	USDA Bloomdale	1,655,000	2.50	09/01/55	1,576,430	1,603,270
03/20/03	USDA Building Construction	2,975,000	4.63	03/20/33	1,879,353	1,973,417
06/28/04	USDA Revenue Bond	796,000	4.38	06/01/44	1,233,492	1,260,131
02/16/06	Rotary Commission Loan	168,026	5.00	03/01/26	121,794	125,623
05/27/09	USDA Revenue Bond	2,400,000	4.25	05/01/49	2,110,900	2,145,500
06/08/10	2010 Special Assessment	2,350,000	3.50 - 6.28	12/01/30	1,590,001	1,690,001
06/08/10	2010 Revenue Bond	2,350,000	5.00 - 6.23	12/01/30	1,595,001	1,695,001
09/26/12	USDA Cygnet Water	638,879	2.75	06/01/42	532,458	548,928
09/26/12	USDA Cygnet Sewer	967,990	2.75	06/01/42	807,121	832,009
03/23/12	2012 Revenue Bond	3,870,000	2.00 - 4.00	12/01/31	1,973,444	2,193,444
03/23/12	2012 Special Assessment	2,880,000	2.00 - 4.00	12/01/24	1,104,551	1,369,551
09/26/12	USDA Building Renovation	2,787,892	2.75	06/01/42	2,609,020	2,689,662
06/28/12	USDA West Millgrove	291,385	2.00	06/01/52	552,608	564,369
01/03/13	USDA Stony Ridge	1,945,000	2.50	01/01/53	1,760,700	1,793,300
02/27/15	2015 Revenue Bond	1,300,000	2.40	12/01/24	680,000	810,000
02/27/15	2015 Special Assessment	1,240,000	2.40	12/01/24	654,999	774,999
07/21/17	2017 Special Assessment	2,325,000	2.00	12/01/27	1,725,000	1,935,000
07/21/17	2017 Revenue Bond	5,545,000	1.96	12/01/28	4,225,000	4,675,000
Total					<u>\$ 26,741,872</u>	<u>\$ 28,739,205</u>

\*Includes unamortized discount/premium



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

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

Long-term debt activity for the years ended December 31, 2019 and 2018 is as follows:

	2019				Amount Due in 2020
	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019	
OWDA:					
WL #167 - 183	\$ 546,556	\$ -	\$ 265,743	\$ 280,813	\$ 280,814
SS #904 & WL #904	317,614	-	121,087	196,527	128,971
SS #1000	67,345	-	9,998	57,347	10,459
WL #300	37,749	-	5,179	32,570	5,394
Weston 2918	23,704	-	23,704	-	-
Weston 3587	156,081	-	30,290	125,791	30,746
Weston 4046	161,589	-	22,062	139,527	22,394
Williamsburg 5097	292,878	-	22,018	270,860	22,840
Custar 4444	523,296	-	24,740	498,556	25,113
Milton Center 4714	529,640	-	24,048	505,592	24,289
Weston Water Tower 5730	559,675	-	36,591	523,084	37,850
Fixed Base Metering 5865	1,404,488	-	81,850	1,322,638	85,270
Weston 5867	997,909	-	68,821	929,088	68,805
SS100 Master Meter 6500	200,571	-	11,115	189,456	11,361
Walbridge Laterals 6583	402,193	-	18,993	383,200	19,681
Tree St Pipe Relining 6644	364,179	-	16,822	347,357	17,325
Hillside Dr SS 6676	337,088	-	15,480	321,608	16,017
Rossford I & I 6641	391,613	-	18,825	372,788	19,465
Ampoint SS 6674	1,632,614	-	74,973	1,557,641	77,555
Hufford Rd WL 6742	897,565	-	42,193	855,372	43,477
Rossford Colony I & I 6773	1,226,072	-	55,801	1,170,271	57,504
East Broadway WL 6766	543,457	-	26,780	516,677	27,408
100 Area WL 6741	282,160	-	13,264	268,896	13,662
Jennings Rd Ps 6695	600,355	-	27,825	572,530	28,741
E Broadway WL 6747	116,786	2,756	-	119,542	2,358
2nd Portage WL 7185	481,229	-	23,186	458,043	23,568
SS 200 Area I & I 7159	185,968	-	8,928	177,040	8,916
WL 300 Area 7337	334,971	-	16,171	318,800	16,377
Milsbury SS 7540	615,830	330,492	-	946,322	45,960
PPCP WL 7531	151,675	-	43,540	108,135	33,706
Hanson, George WL Replace	739,263	-	28,298	710,965	29,662
Southern Serv Area Water System	407,627	11,719	-	419,346	22,493
Taylor 7651 WL	392,926	-	16,936	375,990	17,248
Hamlet 7820 WL	462,576	81,959	-	544,535	24,842
Curtice 7727 WL	916,178	-	49,231	866,947	40,924
Starbright 7814 WL	902,448	60,424	-	962,872	43,927
Lead Elimination 7966	61,877	753,759	-	815,636	35,225
White Rd/ Vineyard WL 8101	63,619	629,406	-	693,025	28,951
McComb WL Imp 7980	261,821	5,049	-	266,870	10,558
Oregon/Bays Rd Elevated Tank 8095	180,220	244,776	-	424,996	15,944
Weston Silver St WL 7979	141,722	-	5,607	136,115	5,760
McComb Clearwell 8212	14,742	1,015,307	-	1,030,049	25,751
Weston Center St 8258	1,448	-	1,448	-	-
OPWC - Custar	10,625	-	1,250	9,375	1,250
Jerry City SS #1800 OPWC Loan	25,285	-	25,285	-	-
Jerry City SS #1800 USDA Loan	206,000	-	6,400	199,600	6,700
Jerry City WL #CE37F (WL 318)	63,089	-	9,706	53,383	9,706
Rudolph SS1000 #CE33E	24,851	-	4,142	20,709	4,142
Bloomdale CT17H OPWC	7,323	-	915	6,408	915
Special Assessments Bond - 1999	40,000	-	40,000	-	-

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

	2019			Balance - December 31, 2019	Amount Due in 2020
	Balance - December 31, 2018	Additions	Reductions		
Special Assessments Bond - 2000	\$ 20,000	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
USDA Building Construction	1,973,417	-	94,064	1,879,353	98,415
USDA Revenue Bond - Rudolph Bond	1,260,131	-	26,639	1,233,492	27,445
OWDA Jerry City - WL 318	134,839	-	20,018	114,821	20,941
Rotary Commission Loan	125,623	-	3,829	121,794	121,794
OWDA Northwood - 2069	271,333	-	48,249	223,084	51,086
OWDA Northwood - 2070	115,886	-	20,699	95,187	21,871
USDA Rising Sun	2,145,500	-	34,600	2,110,900	36,100
2010 Revenue Bonds	1,695,001	-	100,000	1,595,001	105,000
2010 Special Assessment Bonds	1,690,001	-	100,000	1,590,001	105,000
USDA Cygnet Water	548,928	-	16,470	532,458	16,899
USDA Cygnet Sewer	832,009	-	24,888	807,121	25,605
OWDA Bloomdale 4329	346,814	-	16,733	330,081	17,069
USDA Building Renovation	2,689,662	-	80,642	2,609,020	82,826
USDA West Millgrove	564,369	-	11,761	552,608	11,984
Series 2012 Revenue Bonds	2,171,287	-	218,329	1,952,958	215,000
Series 2012 Special Assessment Bonds	1,316,850	-	261,023	1,055,827	270,000
Series 2015 Revenue Bonds	810,000	-	130,000	680,000	130,863
Series 2015 Special Assessment Bonds	774,999	-	120,000	654,999	124,209
OWDA:					
Rosford 6457	305,346	-	7,642	297,704	7,880
Rosford 6464	1,005,718	-	53,161	952,557	54,528
Rosford 6475	1,816,438	-	92,945	1,723,493	95,369
Five Point 6581	749,080	-	37,425	711,655	38,138
Custar WL 6231	457,457	-	18,298	439,159	18,298
Cygnet 6335	543,264	-	14,484	528,780	14,878
Homecraft SS Laterals 6309	392,526	-	21,897	370,629	22,444
Huffman Rd 6118	1,750	-	1,750	-	-
Jennings Rd 6382	690,745	-	18,516	672,229	19,064
Milton Center 6230	635,518	-	25,421	610,097	25,421
Morton Building 6396	335,228	-	9,322	325,906	9,613
Perrysburg Twp 6260	163,859	-	4,532	159,327	4,683
Rosford Clearwell 6383	2,908,116	-	77,954	2,830,162	80,119
Rosford Tree St 6232	628,100	-	37,622	590,478	40,692
Stony Ridge 6397	626,536	-	16,454	610,082	16,967
Bloomdale PS 6930	189,481	-	4,694	184,787	4,821
Rosford 7158	619,385	-	28,438	590,947	28,865
Bloomdale Rehab 7063	90,539	-	4,304	86,235	4,382
Northern Area 7253	675,504	-	30,931	644,573	31,505
Tracy Rd SS 7397	2,353,677	-	136,520	2,217,157	112,222
Hillview Dr 7258	101,925	-	3,968	97,957	4,788
Oregon EQ Basin 7254	5,301,913	43,533	-	5,345,446	261,273
Eastwood School 7476	788,968	-	36,781	752,187	37,524
Bairdtown WWTP 7468	1,725,345	-	126,064	1,599,281	88,479
Northwood 7088	218,673	-	9,914	208,759	10,029
McComb SS 4235	40,803	-	5,081	35,722	5,312
McComb CSO 5067	226,614	-	20,601	206,013	20,601
McComb WTP 2155	175,220	-	85,626	89,594	89,594
McComb WT 6485	804,614	-	42,819	761,795	41,108

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

	2019				
	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019	Amount Due in 2020
	OWDA (Continued):				
Carrington Woods & Totogany 7559	\$ 376,011	\$ -	\$ 14,656	\$ 361,355	\$ 15,076
Williamsburg 7541	344,603	-	11,455	333,148	16,247
Nutrient Removal 7542	39,197	-	9,799	29,398	9,799
Perrysburg I&I 7813	344,406	545,793	-	890,199	42,510
Wise St SS 6893	678,386	-	16,100	662,286	16,591
WL 200 Study 6926	6,054	-	3,027	3,027	3,027
WL 100 Study 6925	8,032	-	4,016	4,016	4,016
Homecraft SS Laterals 6843	498,320	-	22,934	475,386	23,349
Pump Station Sewer Imp 6943	304,010	-	12,270	291,740	15,308
Colony Rd PS Replacement 7007	2,138,326	-	66,429	2,071,897	106,888
Water Loss Audit 7087	84,746	-	28,249	56,497	28,249
Bays Rd WL 7064	287,046	-	13,647	273,399	13,892
BG 2nd WL Connection 7119	447,162	-	21,354	425,808	21,727
Hoytville 7812	7,255	74,324	-	81,579	4,294
Rudolph Rd Forcemain 7257	149,730	-	9,010	140,720	8,094
2017 Revenue Bond	4,675,000	-	450,000	4,225,000	455,000
2017 Special Assessment	1,935,000	-	210,000	1,725,000	215,000
OPWC - Rossford Tree St SS					
Improvements	128,273	-	8,276	119,997	8,191
USDA Bloomdale	1,603,270	-	26,840	1,576,430	26,426
USDA - Stony Ridge	1,793,300	-	32,600	1,760,700	33,500
Lime City Buck Rd WL ODOT 7987	269,409	118,447	-	387,856	15,345
Silver St CE42U OPWC	152,966	-	-	152,966	5,099
Huntington Bank-McComb WWTP	50,001	-	50,001	-	-
USDA McComb WWTP	-	4,833,000	-	4,833,000	73,714
OPWC McComb raw water PS CM26U	-	263,344	-	263,344	13,167
Rossford Various St Sewer Rehab 8340	-	724,125	-	724,125	13,203
Weston Center St/Euler/Cygnet 8258	-	345,980	-	345,980	13,379
Weston Meter Pit 8492	-	77,134	-	77,134	1,563
Millbury SS IMP PH2 8621	-	114,667	-	114,667	-
WL 101 Repair 8628	-	76,731	-	76,731	1,554
Troy TWP WL IMP 8629	-	576,894	-	576,894	-
Eagle Point SS Rehab 8665	-	72,855	-	72,855	-
Ampoint WL 8719	-	14,617	-	14,617	-
Unamortized Premium	74,858	-	5,648	69,210	-
Total	<u>\$ 79,760,842</u>	<u>\$ 11,017,091</u>	<u>\$ 4,666,664</u>	<u>\$ 86,111,269</u>	<u>\$ 5,414,936</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

	2018				
	Balance - December 31, 2017	Additions	Reductions	Balance - December 31, 2018	Amount Due in 2019
OWDA:					
WL #167 - 183	\$ 798,118	\$ -	\$ 251,562	\$ 546,556	\$ 265,743
SS #904 & WL #904	431,318	-	113,704	317,614	121,086
SS #1000	76,902	-	9,557	67,345	9,998
WL #300	42,723	-	4,974	37,749	5,180
Weston 2918	70,620	-	46,916	23,704	23,704
Weston 3587	185,922	-	29,841	156,081	30,290
Weston 4046	183,324	-	21,735	161,589	22,062
Williamsburg 5097	314,102	-	21,224	292,878	22,018
Custar 4444	547,670	-	24,374	523,296	24,741
Milton Center 4714	553,450	-	23,810	529,640	24,048
Weston Water Tower 5730	595,051	-	35,376	559,675	36,592
Fixed Base Metering 5865	1,482,813	-	78,325	1,404,488	81,598
Weston 5867	1,066,730	-	68,821	997,909	68,805
SS100 Master Meter 6500	205,527	-	4,956	200,571	11,074
Walbridge Laterals 6583	420,522	-	18,329	402,193	18,993
Tree St Pipe Relining 6644	380,448	-	16,269	364,179	16,756
Hillside Dr SS 6676	352,049	-	14,961	337,088	15,480
Rossford I & I 6641	409,820	-	18,207	391,613	18,825
Ampoint SS 6674	1,705,073	-	72,459	1,632,614	74,954
Hufford Rd WL 6742	925,430	-	27,865	897,565	42,135
Rossford Colony I & I 6773	1,277,242	-	51,170	1,226,072	55,767
East Broadway WL 6766	556,289	-	12,832	543,457	26,712
100 Area WL 6741	295,014	-	12,854	282,160	13,241
Jennings Rd Ps 6695	624,418	-	24,063	600,355	27,816
E Broadway WL 6747	111,942	4,844	-	116,786	2,269
2nd Portage WL 7185	504,021	-	22,792	481,229	23,186
SS 200 Area I & I 7159	191,243	-	5,275	185,968	8,768
WL 300 Area 7337	350,938	-	15,967	334,971	16,171
Milsbury SS 7540	324,350	291,480	-	615,830	28,106
PPCP WL 7531	2,900	148,775	-	151,675	33,706
Hanson, George WL Replace	753,914	-	14,651	739,263	28,835
Southern Serv Area Water System	423,446	-	15,819	407,627	20,379
Taylor 7651 WL	361,221	31,705	-	392,926	16,936
Hamlet 7820 WL	46,372	416,204	-	462,576	19,822
Curtice 7727 WL	540,269	375,909	-	916,178	40,265
Starbright 7814 WL	665,864	236,584	-	902,448	38,672
Lead Elimination 7966	-	61,877	-	61,877	1,291
White Rd/ Vineyard WL 8101	-	63,619	-	63,619	1,281
McComb WL Imp 7980	-	261,821	-	261,821	4,980
Oregon/Bays Rd Elevated Tank 8095	-	180,220	-	180,220	-
Weston Silver St WL 7979	-	141,722	-	141,722	5,607
McComb Clearwell 8212	-	14,742	-	14,742	-
Weston Center St 8258	-	1,448	-	1,448	1,448
OPWC - Custar	11,875	-	1,250	10,625	1,250
Jerry City SS #1800 OPWC Loan	50,569	-	25,284	25,285	25,285
Jerry City SS #1800 USDA Loan	212,100	-	6,100	206,000	6,400
Jerry City WL #CE37F (WL 318)	72,795	-	9,706	63,089	9,706
Rudolph SS1000 #CE33E	28,993	-	4,142	24,851	4,142
Bloomdale CT17H OPWC	8,239	-	916	7,323	915
Special Assessments Bond	20,000	-	20,000	-	-

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

	2018				
	Balance - December 31, 2017	Additions	Reductions	Balance - December 31, 2018	Amount Due in 2019
	\$	\$	\$	\$	\$
Special Assessments Bond - 1999	80,000	-	40,000	40,000	40,000
Special Assessments Bond - 2000	30,000	-	10,000	20,000	10,000
USDA Building Construction	2,063,323	-	89,906	1,973,417	94,064
USDA Revenue Bond - Rudolph Bond	1,285,912	-	25,781	1,260,131	26,636
OWDA Jerry City - WL 318	153,974	-	19,135	134,839	20,018
Rotary Commission Loan	125,623	-	-	125,623	125,623
OWDA Northwood - 2069	316,902	-	45,569	271,333	48,249
OWDA Northwood - 2070	135,477	-	19,591	115,886	20,700
USDA Rising Sun	2,178,700	-	33,200	2,145,500	34,600
2010 Revenue Bonds	1,790,001	-	95,000	1,695,001	100,000
2010 Special Assessment Bonds	1,785,001	-	95,000	1,690,001	100,000
USDA Cygnet Water	564,966	-	16,038	548,928	16,454
USDA Cygnet Sewer	856,244	-	24,235	832,009	24,930
OWDA Bloomdale 4329	363,217	-	16,403	346,814	16,733
USDA Building Renovation	2,768,190	-	78,528	2,689,662	80,609
USDA West Millgrove	575,888	-	11,519	564,369	11,749
Series 2012 Revenue Bonds	2,389,615	-	218,328	2,171,287	220,000
Series 2012 Special Assessment Bonds	1,567,872	-	251,022	1,316,850	265,000
Series 2015 Revenue Bonds	935,000	-	125,000	810,000	127,778
Series 2015 Special Assessment Bonds	890,000	-	115,001	774,999	121,280
OWDA:					
Rossford 6457	312,732	-	7,386	305,346	7,616
Rossford 6464	1,057,487	-	51,769	1,005,718	53,101
Rossford 6475	1,907,022	-	90,584	1,816,438	92,946
Five Point 6581	778,066	-	28,986	749,080	37,059
Custar WL 6231	475,755	-	18,298	457,457	18,298
Cygnet 6335	557,296	-	14,032	543,264	14,415
Homecraft SS Laterals 6309	413,890	-	21,364	392,526	21,897
Huffman Rd 6118	5,250	-	3,500	1,750	1,750
Jennings Rd 6382	708,728	-	17,983	690,745	18,516
Milton Center 6230	660,939	-	25,421	635,518	25,421
Morton Building 6396	344,270	-	9,042	335,228	9,323
Perrysburg Twp 6260	168,244	-	4,385	163,859	4,530
Rossford Clearwell 6383	2,983,827	-	75,711	2,908,116	77,814
Rossford Tree St 6232	664,748	-	36,648	628,100	39,639
Rudolph 6107	1,000	-	1,000	-	-
Rudolph 6169	1,642	-	1,642	-	-
Stony Ridge 6397	642,494	-	15,958	626,536	16,454
Bloomdale PS 6930	193,228	-	3,747	189,481	4,691
Rossford 7158	642,833	-	23,448	619,385	28,246
Bloomdale Rehab 7063	94,643	-	4,104	90,539	4,305
Northern Area 7253	704,761	-	29,257	675,504	30,930
Tracy Rd SS 7397	2,197,452	156,225	-	2,353,677	110,469
Hillview Dr 7258	107,030	-	5,105	101,925	4,701
Oregon EQ Basin 7254	5,411,052	-	109,139	5,301,913	242,768
Eastwood School 7476	825,020	-	36,052	788,968	36,781
Bairdtown WWTP 7468	1,557,957	167,388	-	1,725,345	88,479
Northwood 7088	228,356	-	9,683	218,673	9,801
McComb SS 4235	45,662	-	4,859	40,803	5,080
McComb CSO 5067	247,216	-	20,602	226,614	20,601

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 DEBT (CONTINUED)**

	2018				
	Balance - December 31, 2017	Additions	Reductions	Balance - December 31, 2018	Amount Due in 2019
	OWDA (Continued):				
McComb WWTP 6361	\$ 46,489	\$ -	\$ 46,489	\$ -	\$ -
McComb WTP 2155	257,063	-	81,843	175,220	85,627
McComb WT 6485	841,223	-	36,609	804,614	40,298
Southern Service 7490	6,334	-	6,334	-	-
Carrington Woods & Totogany 7559	383,185	-	7,174	376,011	14,656
Williamsburg 7541	366,292	-	21,689	344,603	15,999
Nutrient Removal 7542	48,997	-	9,800	39,197	9,799
Perrysburg I&I 7813	43,507	300,899	-	344,406	15,491
Wise St SS 6893	694,008	-	15,622	678,386	16,099
WL 200 Study 6926	7,984	-	1,930	6,054	2,890
WL 100 Study 6925	11,653	-	3,621	8,032	3,967
Homecraft SS Laterals 6843	498,561	-	241	498,320	22,673
Pump Station Sewer Imp 6943	319,934	-	15,924	304,010	15,036
Colony Rd PS Replacement 7007	2,257,101	-	118,775	2,138,326	104,792
Water Loss Audit 7087	111,614	-	26,868	84,746	28,249
Bays Rd WL 7064	300,414	-	13,368	287,046	13,647
BG 2nd WL Connection 7119	468,128	-	20,966	447,162	21,353
Hoytville 7812	-	7,255	-	7,255	7,255
Rudolph Rd Forcemain 7257	-	149,730	-	149,730	8,094
2017 Revenue Bond	5,115,000	-	440,000	4,675,000	450,000
2017 Special Assessment	2,145,000	-	210,000	1,935,000	210,000
OPWC - Rossford Tree St SS Improvements	136,548	-	8,275	128,273	8,191
USDA Bloomdale	1,629,450	-	26,180	1,603,270	25,781
USDA - Stony Ridge	1,825,200	-	31,900	1,793,300	32,600
Equipment Lease - Huntington 2013	149,701	-	149,701	-	-
Lime City Buck Rd WL ODOT 7987	-	269,409	-	269,409	5,124
Silver St CE42U OPWC	-	152,966	-	152,966	2,549
Huntington Bank-McComb WWTP	-	50,001	-	50,001	50,001
Unamortized Premium	80,507	-	5,649	74,858	-
Total	<u>\$ 80,720,024</u>	<u>\$ 3,484,823</u>	<u>\$ 4,444,005</u>	<u>\$ 79,760,842</u>	<u>\$ 5,137,263</u>

In July 2017, the District issued 2017 revenue improvement refunding bonds amounting to \$5,545,000 to advance refund the District's outstanding Revenue bonds, series 2005A and 2008, due December 31, 2017 – 2028 and to pay the cost of issuing the 2017 bonds; interest at 1.96%. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005A and 2008 Bonds. The outstanding balance of the bonds at December 31, 2019 was \$4,225,000. These bonds are considered defeased and are not included as District debt in this financial statement.

In July 2017, the District issued 2017 special assessment refunding bonds amounting to \$2,325,000 to advance refund the District's outstanding special assessment bonds, series 2006A and 2008, due December 31, 2017 – 2027 and to pay the cost of issuing the 2017 bonds; interest at 2.0%. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006A and 2008 Bonds. The outstanding balance of the bonds at December 31, 2019 was \$1,725,000. These bonds are considered defeased and are not included as District debt in this financial statement.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 6 DEBT SERVICE REQUIREMENTS**

The annual principal and interest requirements on all loans outstanding at December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,303,870	\$ 1,484,648	\$ 4,788,518
2021	3,011,582	1,406,489	4,418,071
2022	2,960,461	1,319,712	4,280,173
2023	3,010,386	1,201,082	4,211,468
2024	2,938,157	1,144,056	4,082,213
2025-2029	15,254,936	4,463,965	19,718,901
2030-2034	15,732,162	2,405,705	18,137,867
2035-2039	8,246,100	974,895	9,220,995
2040-2044	2,440,951	452,394	2,893,345
2045-2049	810,339	249,548	1,059,887
2050-2054	781,563	160,926	942,489
2055-2056	878,888	63,600	942,488
Total	<u>\$ 59,369,395</u>	<u>\$ 15,327,020</u>	<u>\$ 74,696,415</u>

The annual principal and interest requirements on all bonded debts outstanding at December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,111,066	\$ 653,528	\$ 2,764,594
2021	2,027,556	809,340	2,836,896
2022	2,006,680	576,422	2,583,102
2023	1,919,936	525,987	2,445,923
2024	1,924,695	496,900	2,421,595
2025-2029	7,074,758	1,962,992	9,037,750
2030-2034	3,255,468	1,218,543	4,474,011
2035-2039	2,143,527	815,485	2,959,012
2040-2044	2,012,826	487,534	2,500,360
2045-2049	1,351,114	232,700	1,583,814
2050-2054	720,131	62,055	782,186
2055-2056	124,907	4,782	129,689
Total	<u>\$ 26,672,664</u>	<u>\$ 7,846,268</u>	<u>\$ 34,518,932</u>

At December 31, 2019 and 2018, the District had \$5,350,513 and \$5,075,429, respectively, in cash and cash equivalents and investments restricted in accordance with loan agreements.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 COUNTY DEBT OBLIGATIONS**

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

At December 31, 2019 and 2018, \$1,831,419 and \$1,875,901 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. 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 2019 and 2018, or in prior years on this reserve.

**NOTE 8 RETIREMENT PLANS**

**Net Pension Liability (Asset)**

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

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

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



**NORTHWESTERN WATER & SEWER DISTRICT  
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**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Net Pension Liability (Asset) (Continued)**

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

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

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

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

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

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

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

**Funding Policy**

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

	<u>2019</u>	<u>2018</u>
Statutory Maximum Contribution Rates:		
Employer	14.0 %	14.0 %
Employee	10.0	10.0
Actual Contribution Rates:		
Employer:		
Pension	14.0	14.0
Post-Employment Health Care Benefits	-	-
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Total Employee	<u>10.0 %</u>	<u>10.0 %</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
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DECEMBER 31, 2019 AND 2018**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Funding Policy (Continued)**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The District's contractually required contribution was \$633,104 for 2019 and \$615,465 for 2018. All required contributions have been paid.

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

The net pension liability (asset) for OPERS for 2019 and 2018 was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense for December 31, 2019 and 2018:

	2019	
	Traditional	Combined
Proportionate Share of the Net Pension Liability (Asset)	\$ 8,691,026	\$ (29,668)
Proportion of the Net Pension Liability (Asset)	0.031733 %	0.026531 %
Pension Expense	2,032,036	9,151
	2018	
	Traditional	Combined
Proportionate Share of the Net Pension Liability (Asset)	\$ 4,751,757	\$ (28,324)
Proportion of the Net Pension Liability (Asset)	0.030289 %	0.020860 %
Pension Expense	1,020,190	4,573

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

At December 31, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Traditional	Combined
Deferred Outflows of Resources:		
Differences Between Expected and Actual Experience	\$ 401	\$ -
Changes of Assumptions	756,571	6,626
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,179,615	6,391
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	133,484	8,076
Subtotal	2,070,071	21,093
District Contributions Subsequent to the Measurement Date	615,761	17,342
Total Deferred Outflows of Resources	\$ 2,685,832	\$ 38,435
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	\$ 114,118	\$ 12,117
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	131,383	7,038
Total Deferred Inflows of Resources	\$ 245,501	\$ 19,155
	2018	
	Traditional	Combined
Deferred Outflows of Resources:		
Differences Between Expected and Actual Experience	\$ 4,853	\$ -
Changes of Assumptions	567,867	2,475
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	308,337	9,682
Subtotal	881,057	12,157
District Contributions Subsequent to the Measurement Date	599,580	15,886
Total Deferred Outflows of Resources	\$ 1,480,637	\$ 28,043
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	\$ 1,113,782	\$ 15,926

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

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

<u>Year Ending December 31,</u>	<u>Traditional</u>	<u>Combined</u>
2020	\$ 848,064	\$ 1,920
2021	318,467	643
2022	109,433	778
2023	548,606	2,779
2024	-	(894)
Thereafter	-	(3,288)
Total	<u>\$ 1,824,570</u>	<u>\$ 1,938</u>

**Actuarial Assumptions**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 and 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Traditional</u>	<u>Combined</u>
Wage Inflation	3.25%	3.25%
Future Salary Increases, Including Inflation	3.25% - 10.75%	3.25% - 8.25%
COLA or Ad Hoc COLA	3% Simple	3% Simple
Investment Rate of Return	7.2%	7.2%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

**NORTHWESTERN WATER & SEWER DISTRICT  
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**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006, and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006, and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the board of trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.5% down to 7.2%, for the defined benefit investments.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 2.94% in 2018 and 16.82% for 2017.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the board of trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The tables below displays the board-approved asset allocation policy for 2018 and 2017 and the long-term expected real rates of return:

	2019	
	Target Allocation For 2018	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00 %	5.95 %
	2018	
	Target Allocation For 2017	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

**Discount Rate**

The discount rate used to measure the total pension liability was 7.2% in 2018 and 7.5% in 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 RETIREMENT PLANS (CONTINUED)**

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

The following tables presents the District's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	2019		
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's Proportionate Share of the Net Pension Liability(Asset):			
Traditional Pension Plan	\$ 12,839,172	\$ 8,691,026	\$ 5,243,878
Combined Pension Plan	(9,816)	(29,668)	(44,041)
	2018		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability(Asset):			
Traditional Pension Plan	\$ 8,437,910	\$ 4,751,757	\$ 1,678,616
Combined Pension Plan	832	(28,324)	(21,222)

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS**

**Net OPEB Liability**

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

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



**NORTHWESTERN WATER & SEWER DISTRICT  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability (Continued)**

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

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

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

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses, and prescription drugs. The system determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional detail on health care coverage can be found in the Plan Statement in the OPERS 2018 CAFR.

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

With the assistance of the System's actuary and board approval, a portion of each employer contribution to OPERS may be set aside for the funding of postemployment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0% for 2018. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan health care accounts was 4.0% for 2018.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

At December 31, 2019, the District reported a liability for its proportionate share of the net OPEB liability for OPERS. The net OPEB liability was measured as of December 31, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The District's proportion of the net OPEB liability was based on its share of contributions to the respective retirement systems relative to the contributions of all participating entities.

<u>Measurement Date</u>	<u>Net OPEB Liability</u>	<u>Proportionate Share</u>
December 31, 2018	\$ 4,167,222	0.031963000 %
December 31, 2017	\$ 3,303,660	0.030422498 %

For the years ended December 31, 2019 and 2018, the District recognized OPEB expense of \$432,887 and \$233,870, respectively.

At December 31, 2019 and 2018, the District reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Experience	\$ 1,411	\$ 11,307
Changes of Assumption	134,357	-
Differences Between Projected and Actual Investment Earnings	191,043	-
Change in Proportionate Share	112,186	-
Total	<u>\$ 438,997</u>	<u>\$ 11,307</u>
	<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Experience	\$ 2,574	\$ -
Changes of Assumption	240,541	-
Differences Between Projected and Actual Investment Earnings	-	246,100
Total	<u>\$ 243,115</u>	<u>\$ 246,100</u>

There are no contributions subsequent to the measurement date because the contribution rate was 0% for 2019 and 2018.

**NORTHWESTERN WATER & SEWER DISTRICT  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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

<u>Year Ending December 31,</u>	<u>OPERS</u>
2020	\$ 204,615
2021	93,680
2022	33,154
2023	96,241
Total	<u>\$ 427,690</u>

**Actuarial Assumptions**

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

	OPERS - as of 12/31/18	OPERS - AS OF 12/31/17
Inflation	3.25%	3.25%
Salary increases	3.25% - 10.75% (includes inflation)	3.25% - 10.75% (includes inflation)
Single discount rate of return	3.96%	3.85%
Investment rate of return	6.00%, net of investment expenses	6.50%, net of investment expenses
Health care cost trends	10.0% initial, 3.25% ultimate in 2029	7.50% initial, 3.25% ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 200. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Projections of health care costs for financial reporting purposes are based on the substantive plan and included the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the system and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Discount Rate**

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and further contributions were sufficient to finance health care costs through 2034.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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

	2019	
	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	34.00 %	2.42 %
Domestic Equity	21.00	6.21
Real Estate	6.00	5.98
International Equity	22.00	7.83
Other Investments	17.00	5.57
Total	100.00 %	5.16 %

	2018	
	Target Allocation for 2017	Weighted Average Long-Term Expected Real Rate of Return
Asset Class:		
Fixed Income	34.00 %	1.88 %
Domestic Equity	21.00	6.37
Real Estate	6.00	5.91
International Equity	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	4.98 %

**NORTHWESTERN WATER & SEWER DISTRICT  
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**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Net OPEB liability to Changes in the Discount Rate and Health Care Cost Trend Rate**

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

	2018		
	1% Decrease (2.96%)	Discount Rate (3.96%)	1% Increase (4.96%)
District's Proportionate Share of the OPEB Liability:	\$5,331,428	\$4,167,222	\$3,241,368
	2018		
	1% Decrease (9.00%)	Health Care Rate (10.00%)	1% Increase (11.00%)
District's Proportionate Share of the OPEB Liability:	\$4,005,603	\$4,167,222	\$4,353,361
	2017		
	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
District's Proportionate Share of the OPEB Liability:	\$4,389,054	\$3,303,659	\$2,425,586
	2017		
	1% Decrease (6.50%)	Health Care Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the OPEB Liability:	\$3,160,898	\$3,303,659	\$3,451,128

**OPEB Plan Fiduciary Net Position**

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

**Payable to the OPEB Plan**

The District did not have a payable to the OPEB plan as of December 31, 2019 and 2018.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 10 COMPENSATED ABSENCES**

Vacation, sick leave, and compensatory banked time policies are established by an agreement between the District and the American Federation of State, County and Municipal Employees, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

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

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

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

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

Compensated absences activity for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2018	Increase	Decrease	December 31, 2019
Sick Leave Payable	\$ 257,302	\$ 19,667	\$ 21,788	\$ 255,181
Vacation Pay	204,277	319,187	280,019	243,445
Compensatory Time	77,792	176,475	168,969	85,298
Total	<u>\$ 539,371</u>	<u>\$ 515,329</u>	<u>\$ 470,776</u>	<u>\$ 583,924</u>
	December 31, 2017	Increase	Decrease	December 31, 2018
Sick Leave Payable	\$ 240,798	\$ 42,354	\$ 25,850	\$ 257,302
Vacation Pay	210,129	302,623	308,475	204,277
Compensatory Time	73,020	138,333	133,561	77,792
Total	<u>\$ 523,947</u>	<u>\$ 483,310</u>	<u>\$ 467,886</u>	<u>\$ 539,371</u>

The District estimates \$353,743 of compensated absences will be paid in 2020.

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 11 INSURANCE**

The District maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. There were no significant reductions in coverage between 2019 and 2018. There have been no significant reductions in insurance coverage since 2011 and no insurance settlement has exceeded insurance coverage during the last five years.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Grants**

The District has received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of District management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2019.

**Construction Commitments**

At December 31, 2019, the District has construction commitments, on which work has not commenced, totaling approximately \$5,858,937 which will be funded by existing resources or the issuance of new revenue debt. All projects were current at December 31, 2019.

**Litigation and Claims**

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

**Other Pending EPA and Local Health Department Ordered Projects**

The District has received various orders for installation of waste water treatment facilities and collection systems within various areas of the District. At December 31, 2019, there are two such ordered areas with preliminary or updated cost estimates totaling \$2.8 million for projects commencing or finishing over the next few years. These projects will be paid for by federal and state financial assistance and by the property owners benefiting from the projects through real estate special assessments and connection fees.

The District had approximately \$3,373,720 at December 31, 2019 in potential receivables related to special assessments that have been deferred by the County. The special assessments were deferred on properties, \$1,831,419 of which would have qualified for loans from the Rotary Commission and Wood County Commissioners pursuant to Section 6103.051 of the Ohio Revised Code, had these funds been available from the Rotary Commission. As these receivables become due and payable only in the event the properties no longer qualify, and therefore collection is uncertain, they have not been reported in the financial statements.



**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 13 SEGMENT INFORMATION**

Significant financial data for the respective divisions of the December 31, 2019 and 2018 is as follows:

**Statement of Net Position**

	2019			2018		
	Water	Sewer	Total	Water	Sewer	Total
Current Assets	\$ 18,649,591	\$ 11,707,674	\$ 30,357,265	\$ 15,115,681	\$ 11,407,356	\$ 26,523,037
Capital Assets	88,074,461	115,353,463	203,427,924	87,122,496	110,443,303	197,565,799
Interfund Receivable	-	-	-	500,000	-	500,000
Other Assets	3,763,294	4,520,072	8,283,366	4,031,200	4,607,975	8,639,175
Total Assets	110,487,346	131,581,209	242,068,555	106,769,377	126,458,634	233,228,011
Deferred Outflows of Resources	1,869,777	1,762,468	3,632,245	1,142,224	1,086,825	2,229,049
Current Liabilities	4,671,136	6,819,549	11,490,685	4,779,186	5,961,798	10,740,984
Interfund Payable	-	-	-	-	500,000	500,000
Long-Term Liabilities	41,382,037	52,402,725	93,784,762	36,936,008	45,975,290	82,911,298
Total Liabilities	46,053,173	59,222,274	105,275,447	41,715,194	52,437,088	94,152,282
Deferred Inflows of Resources	153,502	132,461	285,963	719,421	3,454,387	4,173,808
Net Investment In Capital Assets	53,580,267	68,081,605	121,661,872	54,715,241	67,370,244	122,085,485
Restricted	2,862,070	2,488,443	5,350,513	2,825,979	2,249,450	5,075,429
Unrestricted	9,708,111	3,418,894	13,127,005	7,935,766	2,034,290	9,970,056
Total Net Position	\$ 66,150,448	\$ 73,988,942	\$ 140,139,390	\$ 65,476,986	\$ 71,653,984	\$ 137,130,970

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 13 SEGMENT INFORMATION (CONTINUED)**

**Statement of Revenues, Expenses, and Changes in Net Position**

	2019			2018		
	Water	Sewer	Total	Water	Sewer	Total
Utility Revenues	\$ 16,783,043	\$ 10,992,011	\$ 27,775,054	\$ 16,748,453	\$ 10,962,109	\$ 27,710,562
Other Revenues	835,523	418,661	1,254,184	916,369	452,140	1,368,509
Total Operating Revenues	17,618,566	11,410,672	29,029,238	17,664,822	11,414,249	29,079,071
Depreciation and Amortization	3,704,971	4,848,505	8,553,476	3,606,190	4,714,991	8,321,181
Other Operating Expenses	13,352,498	7,099,734	20,452,232	11,606,390	6,136,389	17,742,779
Total Operating Expenses	17,057,469	11,948,239	29,005,708	15,212,580	10,851,380	26,063,960
Operating Income	561,097	(537,567)	23,530	2,452,242	562,869	3,015,111
Interest Expense	(991,403)	(1,020,812)	(2,012,215)	(1,040,425)	(1,222,961)	(2,263,386)
Other Nonoperating Revenues	247,615	302,618	550,233	158,166	(514,652)	(356,486)
Total Non-Operating Revenues (Expenses)	(743,788)	(718,194)	(1,461,982)	(882,259)	(1,737,613)	(2,619,872)
Aid in Construction	856,153	3,590,719	4,446,872	890,319	1,362,583	2,252,902
Change in Net Position	673,462	2,334,958	3,008,420	2,460,302	187,839	2,648,141
Net Position:						
Beginning of Year	65,476,986	71,653,984	137,130,970	63,016,684	71,466,145	134,482,829
End of Year	\$ 66,150,448	\$ 73,988,942	\$ 140,139,390	\$ 65,476,986	\$ 71,653,984	\$ 137,130,970

**Statement of Cash Flows**

	2019			2018		
	Water	Sewer	Total	Water	Sewer	Total
Net Cash Provided (Used) by Operating Activities:						
Capital And Related Financing Activities	\$ 5,459,805	\$ 5,770,022	\$ 11,229,827	\$ 7,231,263	\$ 5,318,018	\$ 12,549,281
Investing Activities	(2,443,584)	(2,962,342)	(5,405,926)	(6,405,335)	(5,877,922)	(12,283,257)
Cash and Cash Equivalents	(1,322,795)	174,022	(1,148,773)	(278,818)	227,014	(51,804)
Beginning of Year	9,632,363	2,403,421	12,035,784	9,085,253	2,736,311	11,821,564
End of Year	\$ 11,325,789	\$ 5,385,123	\$ 16,710,912	\$ 9,632,363	\$ 2,403,421	\$ 12,035,784

**NORTHWESTERN WATER & SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 14 RESTATEMENT 2018**

Effective with the year beginning January 1, 2018 the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes standards of accounting and financial reporting for defined benefits other postemployment benefits and defined contributions other postemployment benefits that are provided to the employees of state and local governmental employers through other postemployment benefit plans that are administered through trusts or equivalent arrangements that meet certain criteria. The implementation of this pronouncement had the following effect on net position as reported January 1, 2018.

Net Position - January 1, 2018	\$ 137,555,605
Adjustments:	
Net OPEB Liability	<u>(3,072,776)</u>
Restated Net Position - January 1, 2018	<u><u>\$ 134,482,829</u></u>

**SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.03173 %	0.03029 %	0.02775 %	0.02676 %	0.02673 %	0.02677 %
District's Proportionate Share of the Net Pension Liability	\$ 8,691,026	\$ 4,751,757	\$ 6,300,645	\$ 4,635,516	\$ 3,223,937	\$ 3,151,119
District's Covered Payroll	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.69 %	116.22 %	175.67 %	139.17 %	98.39 %	95.01 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.70 %	84.66 %	81.08 %	86.45 %	86.36 %

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 633,104	\$ 615,466	\$ 531,506	\$ 430,393	\$ 399,692	\$ 393,213	\$ 398,006
Contributions in Relation to the Contractually Required Contribution	<u>(633,104)</u>	<u>(615,466)</u>	<u>(531,506)</u>	<u>(430,393)</u>	<u>(399,692)</u>	<u>(393,213)</u>	<u>(398,006)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
Contributions as a Percentage of Covered Payroll	14%	14%	13%	12%	12%	12%	12%

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

(2) Changes in Assumptions and Benefit Terms: No significant changes noted.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's Proportion of the Net OPEB Liability	0.03196 %	0.03042 %	0.03042 %
District's Proportionate Share of the Net OPEB Liability	\$ 4,167,222	\$ 3,303,660	\$ 3,072,776
District's Covered Payroll	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	94.79 %	80.80 %	85.67 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		46.33 %	54.14 %

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	\$ -	\$ 40,885	\$ 71,732	\$ 66,615	\$ 64,552	\$ 35,489
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>(40,885)</u>	<u>(71,732)</u>	<u>(66,615)</u>	<u>(64,552)</u>	<u>(35,489)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</u>
District Covered Payroll	\$ 4,522,171	\$ 4,396,186	\$ 4,088,508	\$ 3,586,608	\$ 3,330,767	\$ 3,276,775	\$ 3,316,717
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%	2.00%	1.97%	1.07%

(1) Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.



**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
BUDGET TO ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>				
Operating Revenue:				
Utility Revenues	\$ 28,206,547	\$ 27,775,054	\$ 27,775,054	\$ -
Other Operating Revenues	1,152,500	1,254,192	2,201,210	947,018
Nonoperating Revenue - Interest	525,000	580,301	580,301	-
Total Revenues	29,884,047	29,609,547	30,556,565	947,018
<b>EXPENSES</b>				
Operating Expenses:				
Operations and Maintenance	17,855,821	18,168,475	17,660,337	(508,138)
Debt Retirement	6,947,170	9,120,337	6,708,947	(2,411,390)
Total Expenses	24,802,991	27,288,812	24,369,284	(2,919,528)
Operating Income	5,081,056	2,320,735	6,187,281	3,866,546
<b>RECONCILIATION TO CHANGE IN NET POSITION</b>				
Aid on Construction:				
Grants and Other	2,794,000	3,030,211	3,030,211	-
System Development Fees and other Aid in Construction	350,000	469,635	469,635	-
Antidegradation Credits	-	-	-	-
Total Aid in Construction	3,144,000	3,499,846	3,499,846	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 8,225,056</b>	<b>\$ 5,820,581</b>	<b>\$ 9,687,127</b>	<b>\$ 3,866,546</b>

**Note to Supplementary Information**

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

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

A reconciliation of the annual budget basis revenues and other income in excess of operating expenses to the net income included in the accompanying 2019 financial statements is as follows:

Change in Net Position - Budgetary Basis Above	\$ 9,687,127
GASB 68	(2,359,008)
GASB 75	(432,887)
Depreciation	(8,553,476)
Principal Payments on Debt	4,666,664
<b>CHANGE IN NET POSITION - GAAP</b>	<b>\$ 3,008,420</b>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION –  
INFORMATION BY DIVISION  
DECEMBER 31, 2019**

<b>ASSETS</b>	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Combined</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents:				
Unrestricted	\$ 9,708,721	\$ 2,896,680	\$ -	\$ 12,605,401
Restricted	1,617,068	2,488,443	-	4,105,511
Investments:				
Unrestricted	3,250,347	3,806,857	-	7,057,204
Restricted	1,245,002	-	-	1,245,002
Accounts Receivable - Trade	1,785,858	1,756,463	-	3,542,321
Current Portion of Special Assessments	505,673	494,496	-	1,000,169
Inventory	428,326	165,301	-	593,627
Prepaid Expenses	108,596	99,434	-	208,030
Total Current Assets	<u>18,649,591</u>	<u>11,707,674</u>	<u>-</u>	<u>30,357,265</u>
<b>NONCURRENT ASSETS</b>				
Capital Assets (Depreciable):				
Sewer and Water Lines	96,627,061	136,247,905	-	232,874,966
Buildings, Pumps, and Lift Stations	20,621,409	29,245,372	-	49,866,781
Machinery and Equipment	9,251,806	6,312,078	-	15,563,884
Vehicles	1,597,039	2,454,233	-	4,051,272
Furniture and Fixtures	223,556	285,944	-	509,500
Computer Equipment	841,945	1,702,149	-	2,544,094
Improvements - Oregon Waste Water Treatment Plant	<u>3,394,518</u>	<u>3,185,486</u>	<u>-</u>	<u>6,580,004</u>
Total Depreciable Capital Assets	<u>132,557,334</u>	<u>179,433,167</u>	<u>-</u>	<u>311,990,501</u>
Accumulated Depreciation	<u>(49,724,605)</u>	<u>(77,963,530)</u>	<u>-</u>	<u>(127,688,135)</u>
Net Depreciable Capital Assets	<u>82,832,729</u>	<u>101,469,637</u>	<u>-</u>	<u>184,302,366</u>
Capital Assets (Nondepreciable):				
Land	296,417	478,707	-	775,124
Easements	112,765	270,701	-	383,466
Construction in Process	4,832,550	13,134,418	-	17,966,968
Net Capital Assets	<u>88,074,461</u>	<u>115,353,463</u>	<u>-</u>	<u>203,427,924</u>
<b>OTHER ASSETS</b>				
Special Assessments, Less Current Portion	3,747,867	4,505,831	-	8,253,698
Net Pension Asset	<u>15,427</u>	<u>14,241</u>	<u>-</u>	<u>29,668</u>
Total Other Assets	<u>3,763,294</u>	<u>4,520,072</u>	<u>-</u>	<u>8,283,366</u>
Total Noncurrent Assets	<u>91,837,755</u>	<u>119,873,535</u>	<u>-</u>	<u>211,711,290</u>
Total Assets	<u>110,487,346</u>	<u>131,581,209</u>	<u>-</u>	<u>242,068,555</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Debt Refunding	224,504	244,477	-	468,981
Pension	1,416,994	1,307,273	-	2,724,267
OPEB	<u>228,279</u>	<u>210,718</u>	<u>-</u>	<u>438,997</u>
Total Deferred Outflows	<u>1,869,777</u>	<u>1,762,468</u>	<u>-</u>	<u>3,632,245</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 112,357,123</u>	<u>\$ 133,343,677</u>	<u>\$ -</u>	<u>\$ 245,700,800</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION –  
INFORMATION BY DIVISION (CONTINUED)  
DECEMBER 31, 2019**

	Water	Sewer	Eliminations	Combined
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,525,553	\$ 2,889,383	\$ -	\$ 5,414,936
Current Portion of Compensated Absences	169,797	183,946	-	353,743
Accounts Payable - Trade	1,305,050	2,053,539	-	3,358,589
Accrued Payroll and Payroll Taxes	231,198	238,758	-	469,956
Accrued Interest Payable	377,847	530,302	-	908,149
Amounts Due Others	61,691	923,621	-	985,312
Total Current Liabilities	<u>4,671,136</u>	<u>6,819,549</u>	<u>-</u>	<u>11,490,685</u>
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Less Current Portion	34,585,261	46,111,072	-	80,696,333
Net Pension Liability	4,519,333	4,171,693	-	8,691,026
Net OPEB Liability	2,166,956	2,000,266	-	4,167,222
Compensated Absences Payable, Less Current Portion	110,487	119,694	-	230,181
Total Long-Term Liabilities	<u>41,382,037</u>	<u>52,402,725</u>	<u>-</u>	<u>93,784,762</u>
Total Liabilities	46,053,173	59,222,274	-	105,275,447
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenues	10,000	-	-	10,000
Pension	137,622	127,034	-	264,656
OPEB	5,880	5,427	-	11,307
Total Deferred Inflows of Resources	<u>153,502</u>	<u>132,461</u>	<u>-</u>	<u>285,963</u>
Total Liabilities and Deferred Inflows	<u>\$ 46,206,675</u>	<u>\$ 59,354,735</u>	<u>\$ -</u>	<u>\$ 105,561,410</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 53,580,267	\$ 68,081,605	\$ -	\$ 121,661,872
Restricted for Debt Service	2,862,070	2,488,443	-	5,350,513
Unrestricted	9,708,111	3,418,894	-	13,127,005
<b>TOTAL NET POSITION</b>	<u>\$ 66,150,448</u>	<u>\$ 73,988,942</u>	<u>\$ -</u>	<u>\$ 140,139,390</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION –  
INFORMATION BY DIVISION  
DECEMBER 31, 2018**

<b>ASSETS</b>	Water	Sewer	Eliminations	Combined
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents:				
Unrestricted	\$ 8,037,471	\$ 153,971	\$ -	\$ 8,191,442
Restricted	1,594,892	2,249,450	-	3,844,342
Investments:				
Unrestricted	1,646,586	3,695,459	-	5,342,045
Restricted	1,231,087	-	-	1,231,087
Accounts Receivable - Trade	1,602,950	1,814,090	-	3,417,040
Grants Receivable	-	2,794,000	-	2,794,000
Current Portion of Special Assessments	499,541	475,811	-	975,352
Inventory	408,993	140,821	-	549,814
Prepaid Expenses	94,161	83,754	-	177,915
Total Current Assets	<u>15,115,681</u>	<u>11,407,356</u>	<u>-</u>	<u>26,523,037</u>
<b>NONCURRENT ASSETS</b>				
Capital Assets (Depreciable):				
Sewer and Water Lines	93,067,115	134,340,265	-	227,407,380
Buildings, Pumps, and Lift Stations	19,294,802	23,877,005	-	43,171,807
Machinery and Equipment	7,643,660	5,732,949	-	13,376,609
Vehicles	1,482,722	2,343,046	-	3,825,768
Furniture and Fixtures	223,556	285,944	-	509,500
Computer Equipment	797,259	1,629,579	-	2,426,838
Improvements - Oregon Waste Water Treatment Plant	3,394,518	3,185,486	-	6,580,004
Total Depreciable Capital Assets	<u>125,903,632</u>	<u>171,394,274</u>	<u>-</u>	<u>297,297,906</u>
Accumulated Depreciation	<u>(46,339,620)</u>	<u>(73,266,746)</u>	<u>-</u>	<u>(119,606,366)</u>
Net Depreciable Capital Assets	<u>79,564,012</u>	<u>98,127,528</u>	<u>-</u>	<u>177,691,540</u>
Capital Assets (Nondepreciable):				
Land	239,735	478,707	-	718,442
Easements	110,963	279,552	-	390,515
Construction in Process	7,207,786	11,557,516	-	18,765,302
Net Capital Assets	<u>87,122,496</u>	<u>110,443,303</u>	<u>-</u>	<u>197,565,799</u>
<b>OTHER ASSETS</b>				
Special Assessments, Less Current Portion	4,016,471	4,594,380	-	8,610,851
Net Pension Asset	14,729	13,595	-	28,324
Miscellaneous	500,000	-	(500,000)	-
Total Other Assets	<u>4,531,200</u>	<u>4,607,975</u>	<u>(500,000)</u>	<u>8,639,175</u>
Total Noncurrent Assets	<u>91,653,696</u>	<u>115,051,278</u>	<u>(500,000)</u>	<u>206,204,974</u>
Total Assets	<u>106,769,377</u>	<u>126,458,634</u>	<u>(500,000)</u>	<u>232,728,011</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Debt Refunding	230,916	246,338	-	477,254
Pension	784,888	723,792	-	1,508,680
OPEB	126,420	116,695	-	243,115
Total Deferred Outflows	<u>1,142,224</u>	<u>1,086,825</u>	<u>-</u>	<u>2,229,049</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 107,911,601</u>	<u>\$ 127,545,459</u>	<u>\$ (500,000)</u>	<u>\$ 234,957,060</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF NET POSITION –  
INFORMATION BY DIVISION (CONTINUED)  
DECEMBER 31, 2018**

	Water	Sewer	Eliminations	Combined
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	\$ 2,352,099	\$ 2,785,164	\$ -	\$ 5,137,263
Current Portion of Compensated Absences	147,393	159,676	-	307,069
Accounts Payable - Trade	1,597,141	2,159,926	(500,000)	3,257,067
Accrued Payroll and Payroll Taxes	202,772	206,659	-	409,431
Accrued Interest Payable	367,481	618,345	-	985,826
Amounts Due Others	112,300	532,028	-	644,328
Total Current Liabilities	<u>4,779,186</u>	<u>6,461,798</u>	<u>(500,000)</u>	<u>10,740,984</u>
<b>LONG-TERM LIABILITIES</b>				
Long-Term Debt, Less Current Portion	32,635,685	41,987,894	-	74,623,579
Net Pension Liability	2,470,914	2,280,843	-	4,751,757
Net OPEB Liability	1,717,904	1,585,756	-	3,303,660
Compensated Absences Payable, Less Current Portion	111,505	120,797	-	232,302
Total Long-Term Liabilities	<u>36,936,008</u>	<u>45,975,290</u>	<u>-</u>	<u>82,911,298</u>
Total Liabilities	41,715,194	52,437,088	(500,000)	93,652,282
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Federal and State Grants	4,000	2,794,000	-	2,798,000
Pension	587,449	542,259	-	1,129,708
OPEB	127,972	118,128	-	246,100
Total Deferred Inflows of Resources	<u>719,421</u>	<u>3,454,387</u>	<u>-</u>	<u>4,173,808</u>
Total Liabilities and Deferred Inflows	<u>\$ 42,434,615</u>	<u>\$ 55,891,475</u>	<u>\$ (500,000)</u>	<u>\$ 97,826,090</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 54,715,241	\$ 67,370,244	\$ -	\$ 122,085,485
Restricted for Debt Service	2,825,979	2,249,450	-	5,075,429
Unrestricted	7,935,766	2,034,290	-	9,970,056
<b>TOTAL NET POSITION</b>	<u>\$ 65,476,986</u>	<u>\$ 71,653,984</u>	<u>\$ -</u>	<u>\$ 137,130,970</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2019**

	Water	Sewer	Eliminations	Combined
<b>OPERATING REVENUES</b>				
Utility Revenue	\$ 16,783,043	\$ 10,992,011	\$ -	\$ 27,775,054
Fees and Permits	419,559	88,377	-	507,936
Contract Services	74,324	152,542	-	226,866
Other Operating Revenues	341,640	177,742	-	519,382
Total Operating Revenues	<u>17,618,566</u>	<u>11,410,672</u>	-	<u>29,029,238</u>
<b>OPERATING EXPENSES</b>				
Depreciation and Amortization	3,704,971	4,848,505	-	8,553,476
Labor	2,271,333	2,137,591	-	4,408,924
Employee Benefits	2,013,071	1,946,225	-	3,959,296
Professional Services	1,086,957	815,867	-	1,902,824
Purchased Water and Sewer Treatment	6,462,792	335,406	-	6,798,198
Materials and Supplies	646,808	965,974	-	1,612,782
Utilities	387,713	393,427	-	781,140
Other	483,824	505,244	-	989,068
Total Operating Expenses	<u>17,057,469</u>	<u>11,948,239</u>	-	<u>29,005,708</u>
Operating Income (Loss)	561,097	(537,567)	-	23,530
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	294,881	285,420	-	580,301
Interest Expense	(991,403)	(1,020,812)	-	(2,012,215)
Other Expense	(47,266)	17,198	-	(30,068)
Total Nonoperating Revenues (Expenses)	<u>(743,788)</u>	<u>(718,194)</u>	-	<u>(1,461,982)</u>
<b>AID IN CONSTRUCTION</b>				
	<u>856,153</u>	<u>3,590,719</u>	-	<u>4,446,872</u>
Change in Net Position	673,462	2,334,958	-	3,008,420
<b>NET POSITION</b>				
Beginning of Year	<u>65,476,986</u>	<u>71,653,984</u>	-	<u>137,130,970</u>
End of Year	<u>\$ 66,150,448</u>	<u>\$ 73,988,942</u>	<u>\$ -</u>	<u>\$ 140,139,390</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2018**

	Water	Sewer	Eliminations	Combined
<b>OPERATING REVENUES</b>				
Utility Revenue	\$ 16,748,453	\$ 10,962,109	\$ -	\$ 27,710,562
Fees and Permits	491,792	96,928	-	588,720
Contract Services	105,284	176,957	-	282,241
Other Operating Revenues	319,293	178,255	-	497,548
Total Operating Revenues	<u>17,664,822</u>	<u>11,414,249</u>	-	<u>29,079,071</u>
<b>OPERATING EXPENSES</b>				
Depreciation and Amortization	3,606,190	4,714,991	-	8,321,181
Labor	2,114,970	2,113,901	-	4,228,871
Employee Benefits	1,199,945	1,208,686	-	2,408,631
Professional Services	796,396	869,426	-	1,665,822
Purchased Water and Sewer Treatment	5,980,096	333,828	-	6,313,924
Materials And Supplies	691,916	735,351	-	1,427,267
Utilities	342,059	387,220	-	729,279
Other	481,008	487,977	-	968,985
Total Operating Expenses	<u>15,212,580</u>	<u>10,851,380</u>	-	<u>26,063,960</u>
Operating Income	2,452,242	562,869	-	3,015,111
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	268,556	284,956	-	553,512
Interest Expense	(1,040,425)	(1,222,961)	-	(2,263,386)
Other Expense	(110,390)	(799,608)	-	(909,998)
Total Nonoperating Revenues (Expenses)	<u>(882,259)</u>	<u>(1,737,613)</u>	-	<u>(2,619,872)</u>
<b>AID IN CONSTRUCTION</b>				
	<u>890,319</u>	<u>1,362,583</u>	-	<u>2,252,902</u>
Change In Net Position	2,460,302	187,839	-	2,648,141
<b>NET POSITION</b>				
Beginning of Year	<u>63,016,684</u>	<u>71,466,145</u>	-	<u>134,482,829</u>
End of Year	<u>\$ 65,476,986</u>	<u>\$ 71,653,984</u>	<u>\$ -</u>	<u>\$ 137,130,970</u>

**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF CASH FLOWS –  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2019**

	Water	Sewer	Eliminations	Combined
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 561,097	\$ (537,567)	\$ -	\$ 23,530
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	3,704,971	4,848,505	-	8,553,476
Effects of Changes in Operating Assets and Liabilities:				
Accounts Receivable - Trade	(182,908)	57,627	-	(125,281)
Grant Receivable	-	2,794,000	-	2,794,000
Inventory	(19,333)	(24,480)	-	(43,813)
Prepaid Expenses	485,565	(15,680)	-	469,885
Net Pension Asset	(698)	(646)	-	(1,344)
Deferred Outflows - Refunding	6,412	1,861	-	8,273
Deferred Outflows - Pension	(632,106)	(583,481)	-	(1,215,587)
Deferred Outflows - OPEB	(101,859)	(94,023)	-	(195,882)
Accounts Payable - Trade	(292,091)	(106,387)	-	(398,478)
Accrued Payroll and Payroll Taxes	28,426	32,099	-	60,525
Accounts Due to Others	(50,609)	391,593	-	340,984
Net Pension Liability	2,048,419	1,890,850	-	3,939,269
Net OPEB Liability	449,052	414,510	-	863,562
Compensated Absences Payable	21,386	23,167	-	44,553
Deferred Inflows - Grants	-	(2,794,000)	-	(2,794,000)
Deferred Inflows - Deferred Revenues	6,000	-	-	6,000
Deferred Inflows - Pension	(449,827)	(415,225)	-	(865,052)
Deferred Inflows - OPEB	(122,092)	(112,701)	-	(234,793)
Net Cash Provided by Operating Activities	<u>5,459,805</u>	<u>5,770,022</u>	<u>-</u>	<u>11,229,827</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	294,881	285,420	-	580,301
Proceeds on Sale of Investments	1,223,790	1,957,633	-	3,181,423
Purchases of Investments	(2,841,466)	(2,069,031)	-	(4,910,497)
Net Cash Provided (Used) by Investing Activities	<u>(1,322,795)</u>	<u>174,022</u>	<u>-</u>	<u>(1,148,773)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Aid in Construction	856,153	3,590,719	-	4,446,872
Acquisition and Construction of Capital Assets	(5,237,906)	(9,830,804)	-	(15,068,710)
Proceeds from Sale of Assets	580,970	72,139	-	653,109
Proceeds from Issuance of Long-Term Debt	4,174,083	6,843,008	-	11,017,091
Repayment of Long-Term Debt	(2,051,053)	(2,615,611)	-	(4,666,664)
Collections on Special Assessments	505,996	94,549	-	600,545
Assessed Special Assessments	(243,524)	(24,685)	-	(268,209)
Interest Paid	(1,028,303)	(1,091,657)	-	(2,119,960)
Net Cash Used by Financing Activities	<u>(2,443,584)</u>	<u>(2,962,342)</u>	<u>-</u>	<u>(5,405,926)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,693,426	2,981,702	-	4,675,128
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of Year	<u>9,632,363</u>	<u>2,403,421</u>	<u>-</u>	<u>12,035,784</u>
End of Year	<u>\$ 11,325,789</u>	<u>\$ 5,385,123</u>	<u>\$ -</u>	<u>\$ 16,710,912</u>



**NORTHWESTERN WATER & SEWER DISTRICT  
SCHEDULE OF CASH FLOWS –  
INFORMATION BY DIVISION  
YEAR ENDED DECEMBER 31, 2018**

	Water	Sewer	Eliminations	Combined
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income	\$ 2,452,242	\$ 562,869	\$ -	\$ 3,015,111
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	3,606,190	4,714,991	-	8,321,181
Effects of Changes in Operating Assets and Liabilities:				
Accounts Receivable - Trade	(56,558)	(113,336)	-	(169,894)
Grant Receivable	-	(2,344,078)	-	(2,344,078)
Inventory	60,162	(6,631)	-	53,531
Prepaid Expenses	39	1,864	-	1,903
Net Pension Asset	(10,441)	(9,637)	-	(20,078)
Deferred Outflows - Refunding	(210,765)	(237,190)	-	(447,955)
Deferred Outflows - Pension	737,606	727,591	-	1,465,197
Deferred Outflows - OPEB	(120,009)	(114,834)	-	(234,843)
Accounts Payable - Trade	704,800	86,776	-	791,576
Accrued Payroll and Payroll Taxes	18,582	19,352	-	37,934
Accounts Due to Others	33,644	(329,539)	-	(295,895)
Net Pension Liability	(805,422)	(743,466)	-	(1,548,888)
Net OPEB Liability	120,060	110,824	-	230,884
Compensated Absences Payable	7,403	8,021	-	15,424
Deferred Inflows - Grants	-	2,344,078	-	2,344,078
Deferred Inflow - Pension	565,758	522,235	-	1,087,993
Deferred Inflows- OPEB	127,972	118,128	-	246,100
Net Cash Provided by Operating Activities	<u>7,231,263</u>	<u>5,318,018</u>	<u>-</u>	<u>12,549,281</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	268,556	284,956	-	553,512
Proceeds on Sale of Investments	1,182,455	1,778,461	-	2,960,916
Purchases of Investments	(1,729,829)	(1,836,403)	-	(3,566,232)
Net Cash Provided (Used) by Investing Activities	<u>(278,818)</u>	<u>227,014</u>	<u>-</u>	<u>(51,804)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Aid in Construction	890,319	1,362,583	-	2,252,902
Acquisition and Construction of Capital Assets	(7,001,926)	(5,668,092)	-	(12,670,018)
Proceeds from Sale of Assets	144,733	1,156,767	-	1,301,500
Proceeds from Issuance of Long-Term Debt	2,361,845	1,122,978	-	3,484,823
Repayment of Long-Term Debt	(2,026,650)	(2,417,355)	-	(4,444,005)
Collections on Special Assessments	495,609	586,568	-	1,082,177
Assessed Special Assessments	(136,487)	(38,437)	-	(174,924)
Interest Paid	(1,132,778)	(1,982,934)	-	(3,115,712)
Net Cash Used by Financing Activities	<u>(6,405,335)</u>	<u>(5,877,922)</u>	<u>-</u>	<u>(12,283,257)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	547,110	(332,890)	-	214,220
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of Year	<u>9,085,253</u>	<u>2,736,311</u>	<u>-</u>	<u>11,821,564</u>
End of Year	<u>\$ 9,632,363</u>	<u>\$ 2,403,421</u>	<u>\$ -</u>	<u>\$ 12,035,784</u>

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## NORTHWESTERN WATER & SEWER DISTRICT STATISTICAL SCHEDULES

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

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



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Investment in										
Capital Assets	\$ 121,662	\$ 122,085	\$ 117,942	\$ 114,559	\$ 107,364	\$ 102,403	\$ 101,502	\$ 97,598	\$ 88,455	\$ 81,477
Restricted	5,350	5,076	4,806	4,706	4,951	4,967	4,812	4,820	4,853	5,133
Unrestricted	13,127	9,970	14,807	12,485	10,488	13,258	9,254	9,141	13,455	12,248
Total Net Position	<u>\$ 140,139</u>	<u>\$ 137,131</u>	<u>\$ 137,555</u>	<u>\$ 131,750</u>	<u>\$ 122,803</u>	<u>\$ 120,628</u>	<u>\$ 115,568</u>	<u>\$ 111,559</u>	<u>\$ 106,763</u>	<u>\$ 98,858</u>

Source: District accounting records.



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

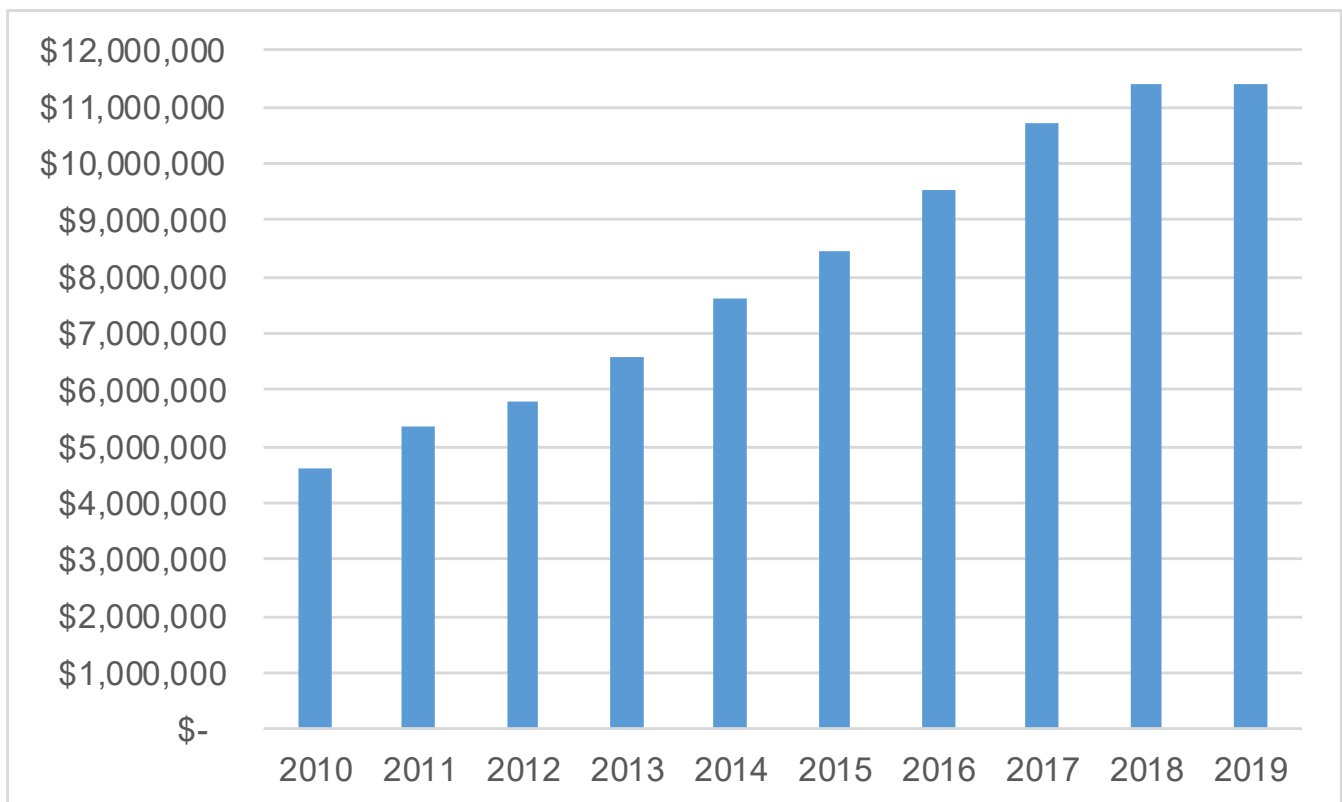
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenue	\$ 29,029	\$ 29,079	\$ 27,527	\$ 25,053	\$ 22,081	\$ 20,359	\$ 17,226	\$ 16,050	\$ 13,806	\$ 10,160
Operating Expenses	29,006	26,064	25,132	22,210	19,984	19,297	17,429	15,414	13,549	10,507
Total Net Revenue (Expense)	23	3,015	2,395	2,843	2,097	1,062	(203)	636	257	(347)
Other Changes in Net Position:										
Nonoperating Revenues (Expenses)	(1,462)	(2,620)	(1,714)	(1,781)	(1,971)	(2,151)	(1,486)	(1,564)	(1,344)	(1,212)
Aid in Construction	4,447	2,253	5,124	7,885	4,731	6,149	5,698	5,724	9,742	7,626
Total Other Changes in Net Position	2,985	(367)	3,410	6,104	2,760	3,998	4,212	4,160	8,398	6,414
Change in Net Position	\$ 3,008	\$ 2,648	\$ 5,805	\$ 8,947	\$ 4,857	\$ 5,060	\$ 4,009	\$ 4,796	\$ 8,655	\$ 6,067

Source: District accounting records.



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

Year End December 31,	Waste Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
2019	\$ 10,992,011	\$ 88,377	\$ 152,542	\$ 177,742	\$ 11,410,672	(0.031)%
2018	10,962,109	96,928	176,957	178,255	11,414,249	6.8
2017	10,285,216	96,797	136,736	172,735	10,691,484	12.4
2016	9,098,667	97,068	152,401	160,733	9,508,869	12.4
2015	8,072,309	79,848	149,613	161,234	8,463,004	10.9
2014	7,302,593	67,472	139,918	120,461	7,630,444	16.3
2013	5,804,560	68,526	144,477	541,405	6,558,968	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



Source: District accounting records.

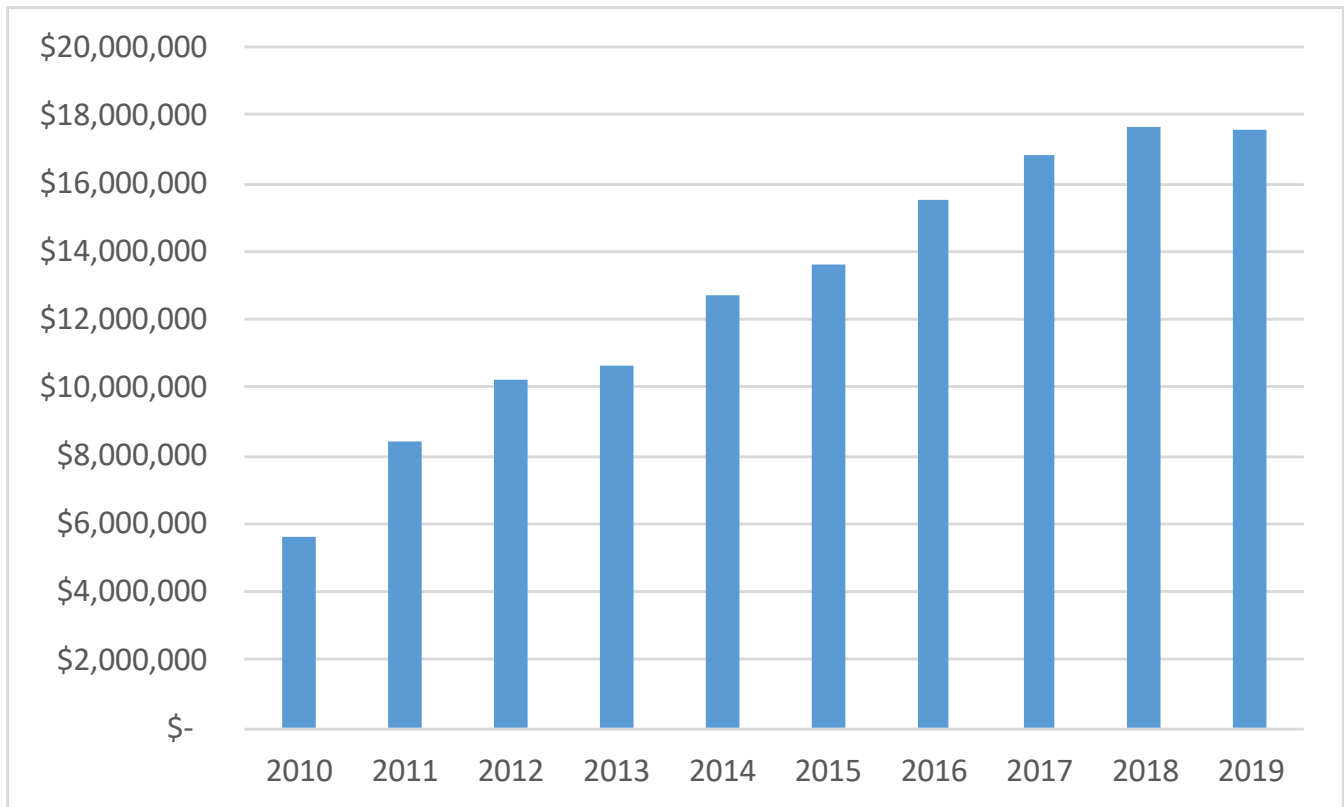


**NORTHWESTERN WATER & SEWER DISTRICT  
WATER OPERATING REVENUES BY SOURCE  
LAST TEN YEARS**

Year Ended December 31,	Water Revenue	Fees and Permits	Contract Services	Other Operating	Total	Percent Change
2019	\$ 16,783,043	\$ 419,559	\$ 74,324	\$ 341,640	\$ 17,618,566	(0.3)%
2018	16,748,453	491,792	105,284	319,293	17,664,822	4.9
2017	15,997,100	464,399	56,821	317,567	16,835,887	8.3
2016	14,843,204	431,663	34,747	234,915	15,544,529	14.1
2015	12,985,300	314,355	46,715	271,662	13,618,032	0.7
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	21.3 (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

(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.

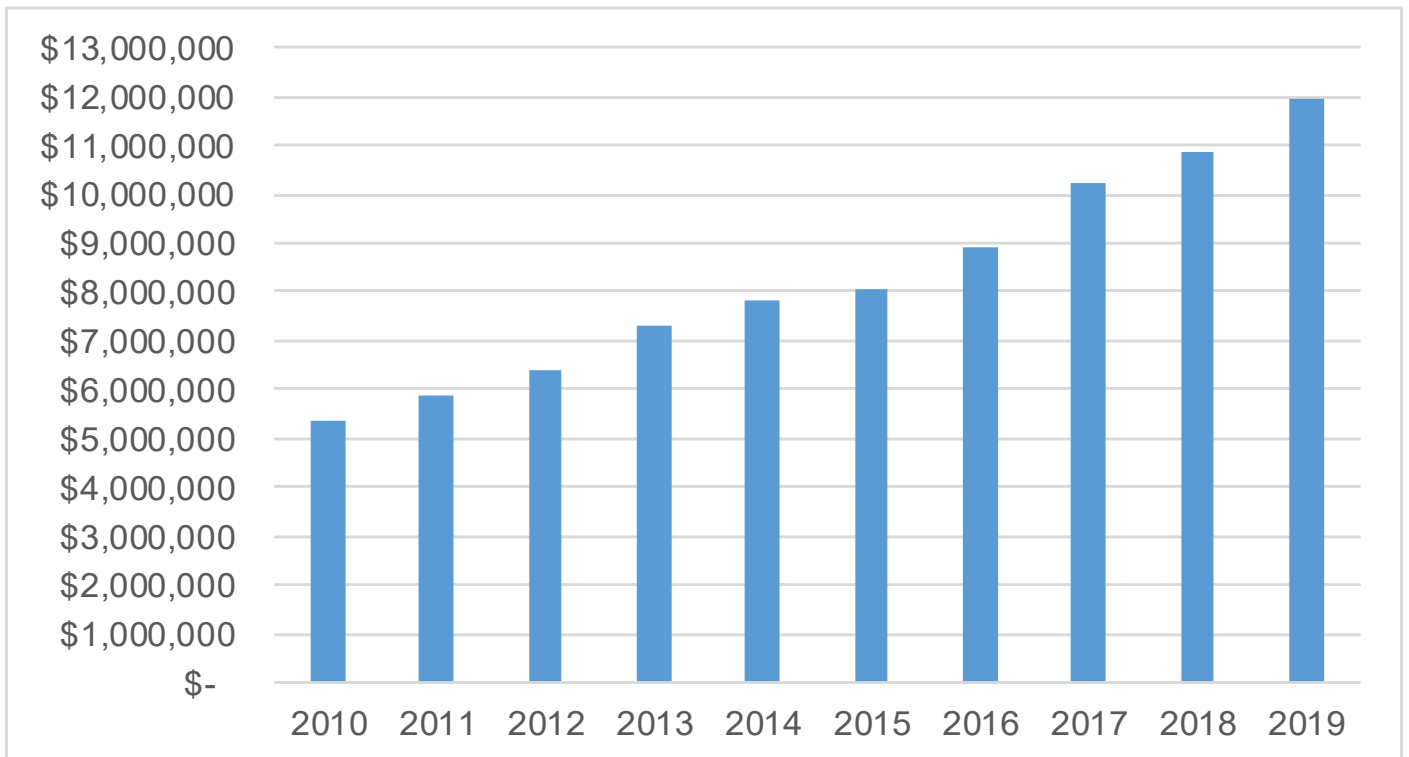


Source: District accounting records.



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

Year Ended December 31,	Salaries and Wages	Benefits	Professional Services	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
2019	\$ 2,137,591	\$ 1,946,225	\$ 815,867	\$ 965,974	\$ 393,427	\$ 4,848,505	\$ 840,650	\$ 11,948,239	10.1 %
2018	2,113,901	1,208,686	869,426	735,351	387,220	4,714,991	821,805	10,851,380	5.9
2017	1,897,299	1,224,277	746,597	682,481	375,509	4,516,503	802,144	10,244,810	15.0
2016	1,649,109	923,123	532,004	575,304	352,161	4,008,332	865,031	8,905,064	10.2
2015	1,579,267	691,616	483,549	532,549	337,855	3,813,745	642,491	8,081,072	3.2
2014	1,505,418	690,651	670,287	541,383	359,816	3,659,597	404,621	7,831,773	7.4
2013	1,465,545	626,856	898,666	577,522	310,481	3,102,224	310,016	7,291,310	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



Source: District accounting records.

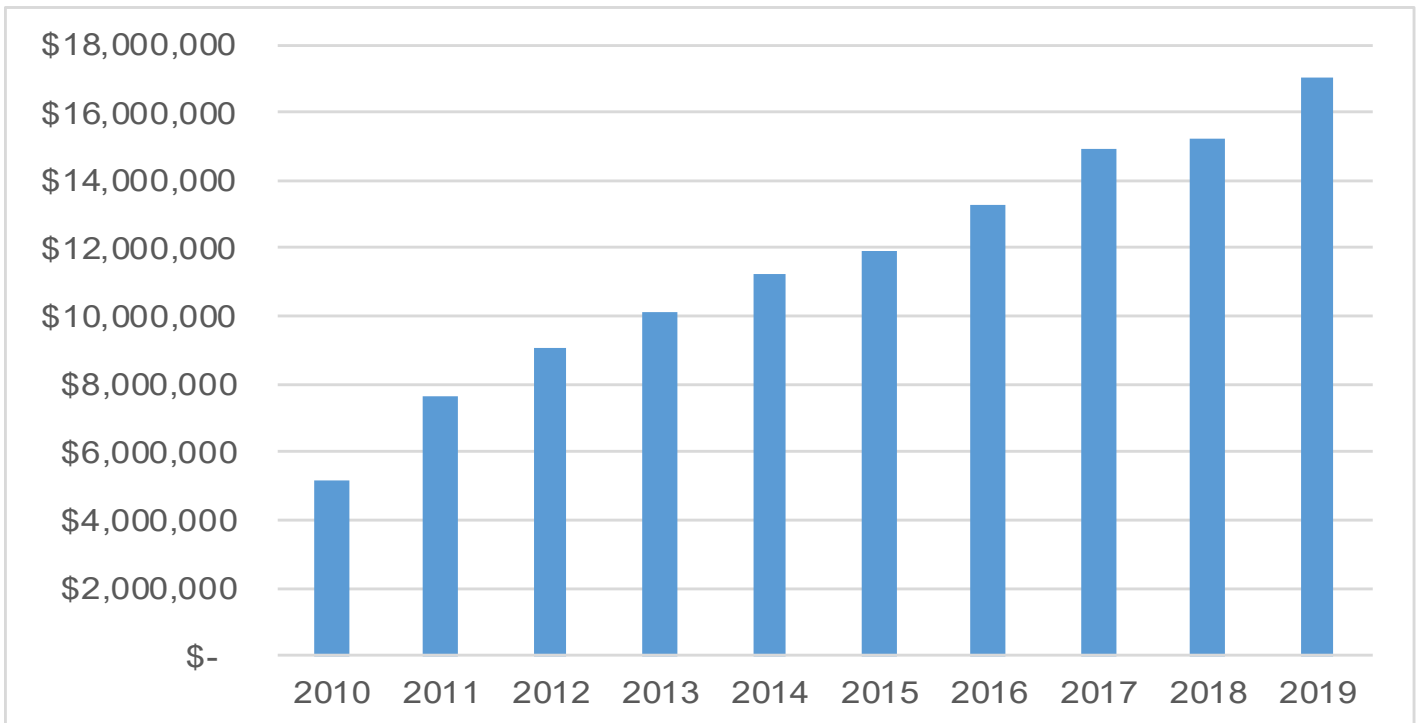




## NORTHWESTERN WATER & SEWER DISTRICT WATER OPERATING EXPENSES BY TYPE LAST TEN YEARS

Year Ended December 31,	Salaries and Wages	Benefits	Professional Services	Purchased Water	Materials and Repairs	Utilities	Depreciation	Other Expense	Total	Percent Change
2019	\$ 2,271,333	\$ 2,013,071	\$ 1,086,957	\$ 6,462,792	\$ 646,808	\$ 387,713	\$ 3,704,971	\$ 483,824	\$ 17,057,469	12.1 %
2018	2,114,970	1,199,945	796,396	5,980,096	691,916	342,059	3,606,190	481,008	15,212,580	2.2
2017	1,968,692	1,438,881	778,539	5,779,484	627,499	324,143	3,470,205	499,124	14,886,567	11.9
2016	1,744,097	869,233	566,492	5,678,647	534,054	288,383	3,173,901	449,855	13,304,662	11.9
2015	1,620,057	632,291	566,757	4,998,913	386,922	246,532	3,026,220	425,338	11,903,030	5.9
2014	1,548,554	643,040	464,786	4,673,973	491,402	259,159	2,729,228	428,053	11,238,195	10.9
2013	1,425,581	617,366	511,770	4,050,714	706,281	219,890	2,302,774	303,288	10,137,664	12.3
2012	1,307,153	544,879	367,730	3,778,955	403,299	198,718	2,156,451	273,039	9,030,224	17.9
2011	1,094,754	457,349	275,712	3,040,369 (1)	475,837	207,027	1,887,447	219,179	7,657,674	48.2
2010	961,586	418,914	196,036	1,198,861	390,202	146,801	1,665,678	187,378	5,165,456	2.6

(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 NONOPERATING REVENUES BY SOURCE  
LAST TEN YEARS**

<u>Year Ended December 31,</u>	<u>Interest Income</u>	<u>Aid in Construction (1)</u>	<u>Other Income (Expense)</u>	<u>Total</u>
2019	\$ 285,420	\$ 3,590,719	\$ 17,198	\$ 3,893,337
2018	284,956	1,362,583	(799,608)	847,931
2017	251,511	3,637,001	(100,756)	3,787,756
2016	250,809	4,558,301	(1,510)	4,807,600
2015	247,387	1,348,032	(88,506)	1,506,913
2014	185,600	4,698,217	1,639	4,885,456
2013	196,097	2,013,469	(27,419)	2,182,147
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

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



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

<u>Year Ended December 31</u>	<u>Interest Income</u>	<u>Aid in Construction (1)</u>	<u>Other Income (Expense)</u>	<u>Total</u>
2019	\$ 294,881	\$ 856,153	\$ (47,266)	\$ 1,103,768
2018	268,556	890,319	(110,390)	1,048,485
2017	297,971	1,486,711	(110,130)	1,674,552
2016	261,776	3,325,521	(30,052)	3,557,245
2015	304,456	3,383,262	(75,455)	3,612,263
2014	303,021	1,450,260	(345,462)	1,407,819
2013	295,122	3,684,238	(11,723)	3,967,637
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

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



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

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

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



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

<u>Year Ended December 31,</u>	<u>Minimum Charge</u>		<u>Volume Charges (1)</u>
	<u>Monthly</u>	<u>Quarterly</u>	<u>Distribution</u>
2019	\$ 16.16	\$ 32.32	\$ 21.48
2018	15.69	31.38	21.14
2017	15.23	30.46	19.88
2016	14.79	29.58	17.33
2015	14.36	28.72	15.47
2014	13.94	27.88	13.71
2013	13.53	27.06	11.93
2012	13.53	27.06	11.21
2011	13.26	26.52	10.49
2010	13.00	26.00	9.77

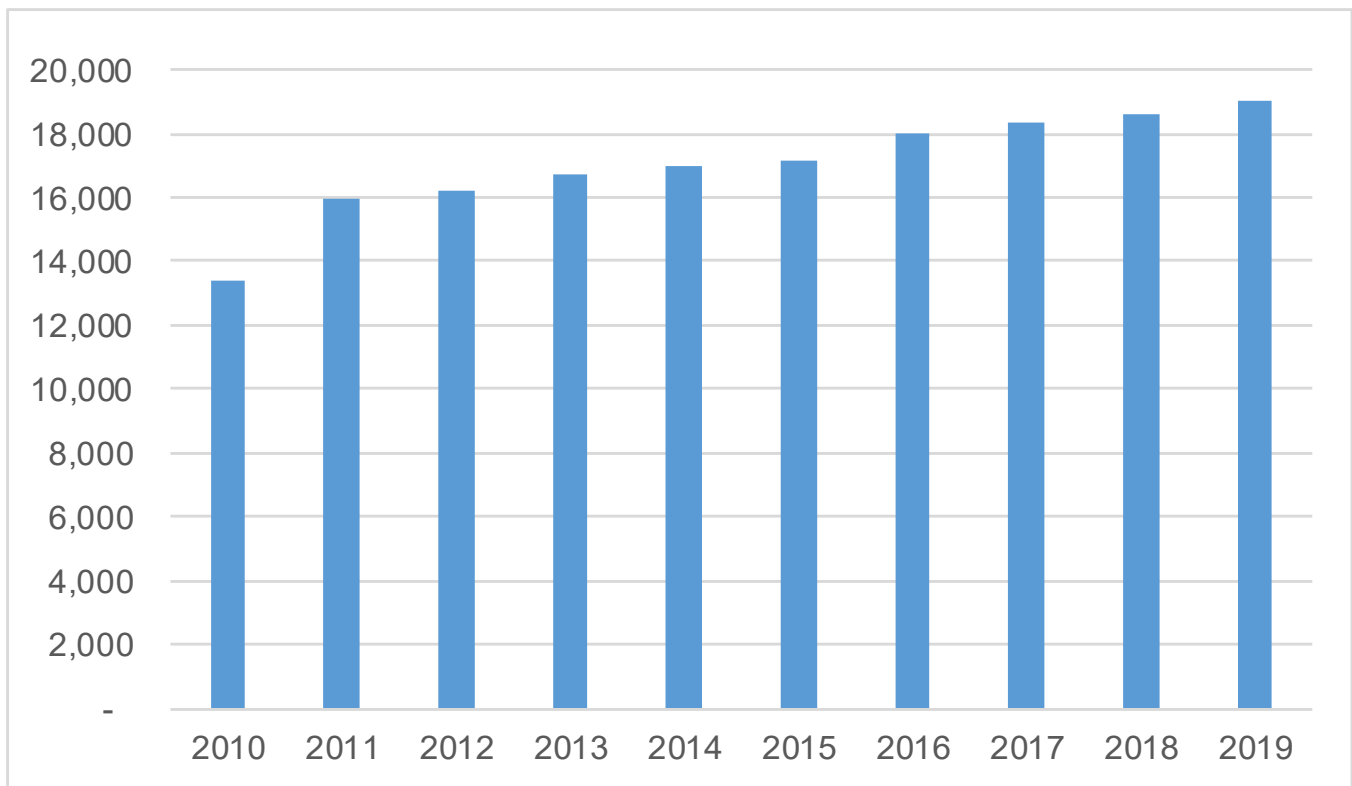
(1) Per 1,000 cubic feet of water consumption.



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

<u>Year Ended December 31,</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/Gal.)</u>	<u>Consumption (000's/Gal.)</u>
2010	13,394	3,657	1,334,650
2011	15,944	4,295	1,567,808 (a)
2012	16,201	4,279	1,566,211
2013	16,726	4,091	1,493,104
2014	16,979	4,344	1,585,600
2015	17,136	4,278	1,561,609
2016	18,050	4,447	1,622,996
2017	18,321	4,348	1,587,181
2018	18,606	4,431	1,617,245
2019	19,002	4,290	1,565,855

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



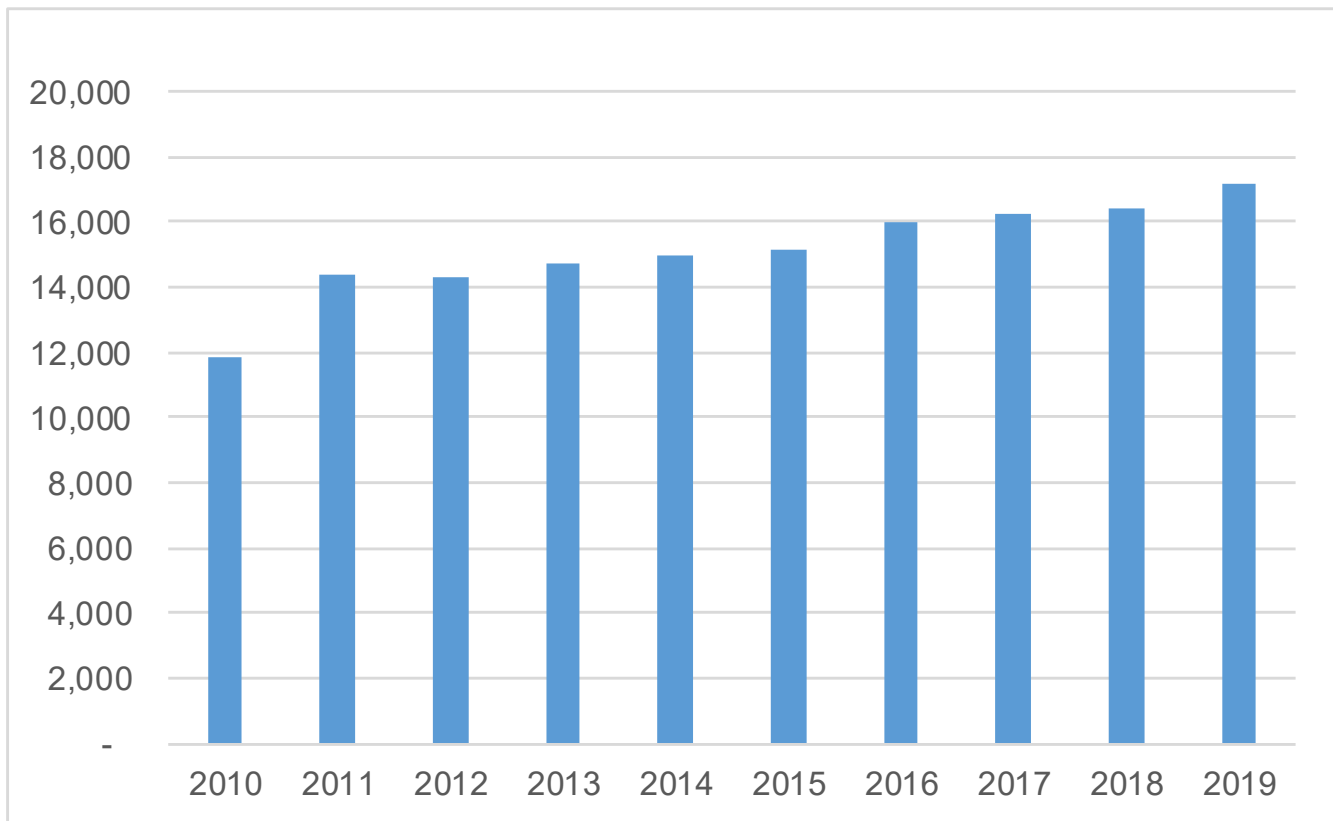


## NORTHWESTERN WATER & SEWER DISTRICT HISTORICAL WATER CUSTOMERS AND WATER CONSUMPTION LAST TEN YEARS

Year Ended December 31,	Average Number of Customers	Average Day (000's/Gal.)	Total Annual Consumption (000's/Gal.)
2010	11,825	3,642	1,328,774
2011	14,375 est	4,211	1,537,140 (a)
2012	14,344	4,530	1,657,958 (b)
2013	14,704	4,145	1,513,066
2014	15,009	4,425	1,615,268
2015	15,148	4,296	1,568,308
2016	16,017	4,601	1,679,494
2017	16,240	4,381	1,599,123
2018	16,391	4,480	1,635,043
2019	17,164	4,375	1,596,963

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

(b) In July 2012, the Village of Bloomdale joined the District.





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

<u>Customer</u>	2019		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percent of Total System Revenue
1. Charter Steel	54,706	\$ 252,862	2.22 %
2. MSC Walbridge Coatings	50,653	234,143	2.05
3. First Solar - Cedar Park	46,709	216,810	1.90
4. Chrysler	28,652	132,697	1.16
5. LOF Pilkington**	26,211	121,438	1.06
6. First Solar - Tracy Road	15,248	70,541	0.62
7. Norplas	18,645	86,296	0.76
8. Friendly Village I and II MHP	17,872	82,061	0.72
9. Tracy Creek Apartments	16,537	79,917	0.70
10. Perry Lake Village*	14,970	49,840	0.44
Total	<u>290,203</u>	<u>\$ 1,326,605</u>	<u>11.63 %</u>

\*Billed at 70% of District Rate

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

<u>Customer</u>	2010		
	Total Billed Consumption (000's/Gal.)	Billed Charges	Percent of Total System Revenue
1. First Solar	60,656	\$ 101,742	2.45 %
2. Chrysler	48,689	81,290	1.96
3. Charter Steel	39,608	65,895	1.59
4. Pre Finish Metals	37,410	62,523	1.51
5. Friendly Village I and II MHP	28,351	47,671	1.15
6. Norplas	19,209	40,996	0.99
7. Perry Lake Village*	15,512	19,226	0.46
8. Cintas	13,180	22,108	0.53
9. Walnut Hills Mobile Home Park	12,961	21,803	0.53
10. East Pointe on the Mall Apts	11,765	20,095	0.48
Total	<u>287,341</u>	<u>\$ 483,349</u>	<u>11.65 %</u>





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

<u>Customer</u>	2019		
	<u>Total Billed Consumption (000's/Gal.)</u>	<u>Billed Charges</u>	<u>Percent of Total System Revenue</u>
1. First Solar - Cedar Park	61,240	\$ 187,165	1.06 %
2. Prefinished Metals	55,545	163,579	0.93
3. Charter Steel	54,706	167,125	0.95
4. MSB Dairy*	34,642	265,052	1.50
5. Chrysler	28,652	90,424	0.51
6. Jones Hamilton	27,830	83,195	0.47
7. Norplas	26,443	78,650	0.45
8. Tracy Creek Apartments	23,635	75,899	0.43
9. First Solar - Tracy Road	22,984	68,537	0.39
10. Friendly Village I and II MHP	17,872	59,468	0.34
Total	<u>353,549</u>	<u>\$ 1,239,094</u>	<u>7.03 %</u>

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

<u>Customer</u>	2010		
	<u>Total Billed Consumption (000's/Gal.)</u>	<u>Billed Charges</u>	<u>Percentage of Total System Revenue</u>
1. First Solar	76,654	\$ 108,416	2.09 %
2. Chrysler	48,689	77,173	1.49
3. Prefinished Metals	42,640	58,911	1.14
4. Charter Steel	37,731	53,747	1.04
5. Norplas	31,242	39,732	0.77
6. Friendly Village I and II MHP	28,351	46,809	0.90
7. Jones Hamilton	22,035	32,647	0.63
8. Perry Lake Village	15,512	16,449	0.32
9. Cintas	13,833	20,228	0.39
10. Walnut Hills Mobile Home Park	13,029	20,119	0.39
Total	<u>329,716</u>	<u>\$ 474,231</u>	<u>9.16 %</u>



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

Debt By Type In Thousands	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue Bond Issues:</b>										
\$4,235 Series 2002 (1)	\$ 1,515	\$ 1,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$2,165 Series 2004B	1,712	1,590	1,517	1,415	1,290	-	-	-	-	-
\$1,200 Series 2005A	1,018	920	911	858	770	715	660	-	-	-
\$6,910 Series 2008	6,440	6,195	5,940	5,675	5,400	5,115	4,820	-	-	-
\$3,550 Series 2009 BAN	-	-	-	-	-	-	-	-	-	-
\$2,350 Series 2010	2,350	2,280	2,210	2,135	2,055	1,970	1,880	1,790	1,695	1,595
\$3,870 Series 2012 (2)	-	-	3,618	3,368	3,093	2,850	2,613	2,390	2,171	1,953
\$1,300 Series 2015 (4)	-	-	-	-	-	1,180	1,060	935	810	680
\$5,795 Series 2017 (5)	-	-	-	-	-	-	-	5,115	4,675	4,225
<b>Total Revenue Bonds</b>	<b>13,035</b>	<b>12,320</b>	<b>14,196</b>	<b>13,451</b>	<b>12,608</b>	<b>11,830</b>	<b>11,033</b>	<b>10,230</b>	<b>9,351</b>	<b>8,453</b>
<b>Special Assessment Issues:</b>										
\$277 Series 1996	83	69	55	42	28	14	-	-	-	-
\$360 Series 1998	140	125	110	95	80	60	40	20	-	-
\$500 Series 1999	290	265	240	210	180	150	115	80	40	-
\$175 Series 2000	90	80	75	65	55	45	40	30	20	10
\$1,195 Series 2002	870	815	-	-	-	-	-	-	-	-
\$1,245 Series 2003	935	880	60	-	-	-	-	-	-	-
\$2,000 Series 2004A	1,555	1,470	1,380	1,290	1,195	-	-	-	-	-
\$1,010 Series 2006	880	840	800	760	715	670	620	-	-	-
\$2,205 Series 2008	2,133	2,000	1,961	1,878	1,750	1,660	1,565	-	-	-
\$6,580 Series 2009 BAN	-	-	-	-	-	-	-	-	-	-
\$2,350 Series 2010	2,350	2,280	2,205	2,125	2,045	1,960	1,875	1,785	1,690	1,590
\$2,880 Series 2012 (3)	-	-	2,795	2,615	2,302	2,039	1,824	1,568	1,317	1,056
\$1,240 Series 2015 (4)	-	-	-	-	-	1,120	1,005	890	775	655
\$2,350 Series 2017 (5)	-	-	-	-	-	-	-	2,145	1,935	1,725
<b>Total SA Bonds</b>	<b>9,326</b>	<b>8,824</b>	<b>9,681</b>	<b>9,080</b>	<b>8,350</b>	<b>7,718</b>	<b>7,084</b>	<b>6,518</b>	<b>5,777</b>	<b>5,036</b>
U.S. Dept. of Agriculture Ohio Water Development Authority	7,219	8,360	11,110	13,497	13,219	12,933	13,794	13,959	13,617	18,095
Ohio Public Works Commission	10,805	14,296	15,024	22,495	30,370	30,746	41,429	49,348	50,083	53,710
Other	611	536	522	596	520	439	368	309	412	626
Unamortized Discount	1,793	905	3,928	993	801	603	421	276	446	122
Unamortized Premium	-	-	-	-	(26)	(8)	(8)	-	-	-
	-	-	-	-	202	194	150	80	74	69
<b>Total All Debt</b>	<b>\$ 42,789</b>	<b>\$ 45,241</b>	<b>\$ 54,461</b>	<b>\$ 60,112</b>	<b>\$ 65,868</b>	<b>\$ 64,455</b>	<b>\$ 74,271</b>	<b>\$ 80,720</b>	<b>\$ 79,760</b>	<b>\$ 86,111</b>
Number of Customer Accounts	25,219	30,319	30,545	31,500	31,988	32,284	34,067	34,561	34,997	36,166
<b>Outstanding Debt Per Customer Account</b>	<b>\$ 1,696</b>	<b>\$ 1,492</b>	<b>\$ 1,776</b>	<b>\$ 1,908</b>	<b>\$ 2,059</b>	<b>\$ 1,990</b>	<b>\$ 2,175</b>	<b>\$ 2,333</b>	<b>\$ 2,279</b>	<b>\$ 2,381</b>

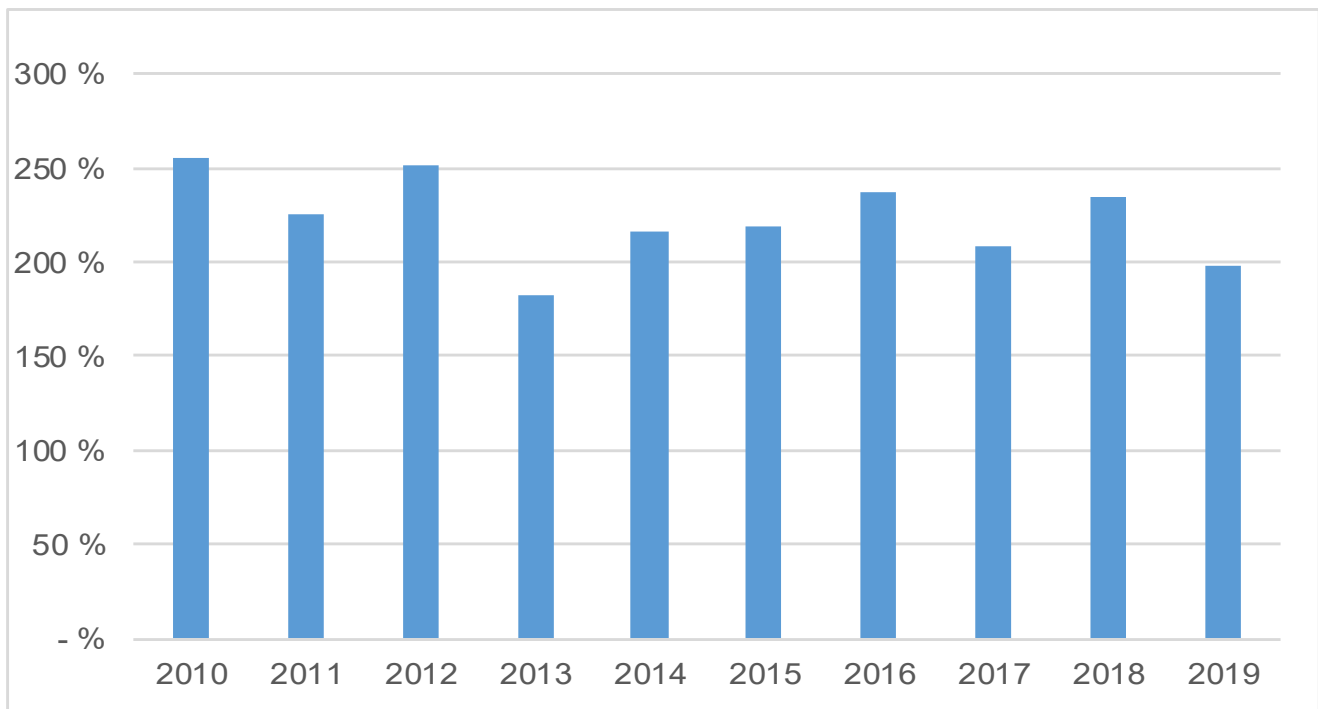
- (1) The Series 1996 Bonds were refunded on 3/27/2002 and were replaced by the Series 2002 Bonds.
- (2) The Series 2002 Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 Bonds.
- (3) The Series 2003 SA Bonds were refunded on 3/23/2012 and were replaced by the Series 2012 SA Bonds.
- (4) The Series 2004 A & B Bonds were refunded on 2/27/2015 and replaced by the Series 2015 Bonds.
- (5) The Series 2005A, 2006, and 2008 Bonds were refunded on 7/21/2017 and replaced by the Series 2017 Bonds.



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

Year Ended December 31,	Revenue (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirement	Coverage Factor (3)
2019	\$ 29,609,539	\$ 18,162,059	\$ 11,447,480	5,766,147	199 %
2018	29,632,583	17,742,779	11,889,804	5,061,728	235 %
2017	28,076,853	17,144,669	10,932,184	5,237,679	209 %
2016	25,565,983	15,027,316	10,538,667	4,455,269	237 %
2015	22,528,320	13,143,942	9,384,378	4,291,772	219 %
2014	21,183,645	12,907,745	8,275,900	3,831,897	216 %
2013	18,050,283	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	255 %

- (1) Includes water and sewer revenues and interest income.
- (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>Year Ended December 31,</u>	<u>Special Assessments Collections</u>	<u>Debt Service Requirement</u>	<u>Coverage Factor (3)</u>
2019	\$ 1,867,238	\$ 1,368,821	136 %
2018	1,778,974	1,364,021	130 %
2017	1,965,378	1,302,274	151 %
2016	1,775,195	1,597,364	111 %
2015	1,877,187	1,771,411	106 %
2014	2,153,096 (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 %

(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.



**NORTHWESTERN WATER & SEWER DISTRICT  
SEWER DEBT BY TOTAL DEBT SERVICE  
YEAR ENDED DECEMBER 31, 2019**

Year Ended December 31,	Revenue Debt			Special Assessment Debt			Totals	Percent of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	OPWC	Bonds and Notes		
2020	\$ 2,082,851	\$ 13,583	\$ 1,156,570	\$ 342,748	\$ -	\$ 472,896	\$ 4,068,648	93.63%
2021	1,880,748	\$ 13,583	1,345,492	305,406	-	460,441	4,005,670	87.36%
2022	1,885,976	\$ 13,583	1,131,867	268,093	-	461,278	3,760,797	81.49%
2023	1,876,177	\$ 13,583	1,128,423	268,093	-	365,424	3,651,700	75.72%
2024	1,843,659	\$ 13,583	1,126,539	268,093	-	322,135	3,574,009	70.05%
2025	1,830,702	9,441	1,001,936	268,093	-	198,808	3,308,980	64.72%
2026	1,799,439	9,441	950,821	268,093	-	196,883	3,224,677	59.52%
2027	1,799,439	8,816	954,991	268,093	-	193,860	3,225,199	54.32%
2028	1,799,439	8,191	952,569	268,093	-	184,778	3,213,070	49.13%
2029	1,799,538	8,191	670,343	268,093	-	184,493	2,930,658	44.42%
2030-2034	8,337,525	38,083	2,901,193	1,347,410	-	751,623	13,375,834	22.81%
2035-2039	3,830,745	-	2,275,836	184,004	-	696,769	6,987,354	11.77%
2040-2044	641,178	-	2,035,019	-	-	629,254	3,305,451	6.80%
2045-2049	69,684	-	1,445,064	-	-	628,998	2,143,746	3.76%
2050-2054	-	-	1,321,536	-	-	-	1,321,536	1.57%
2055-2059	-	-	942,486	-	-	-	942,486	0.00%
<b>Totals</b>	<b>\$ 31,477,100</b>	<b>\$ 150,078</b>	<b>\$ 21,340,685</b>	<b>\$ 4,324,312</b>	<b>\$ -</b>	<b>\$ 5,747,640</b>	<b>\$ 63,039,815</b>	

OWDA - Ohio Water Development Authority

OPWC - Ohio Public Works Commission



**NORTHWESTERN WATER & SEWER DISTRICT  
WATER DEBT BY TOTAL DEBT SERVICE  
YEAR ENDED DECEMBER 31, 2019**

Year Ended December 31,	Revenue Debt			Special Assessment Debt		Totals	Percent of Debt Service Remaining
	OWDA	OPWC	Bonds and Notes	OWDA	Bonds and Notes		
2020	\$ 1,848,398	\$ 28,888	\$ 974,256	\$ 64,846	\$ 568,077	\$ 3,484,464	92.45%
2021	1,768,510	28,888	846,943	32,402	572,555	3,249,297	85.42%
2022	1,715,806	28,888	790,052	-	567,733	3,102,478	78.70%
2023	1,708,788	28,888	745,289	-	522,726	3,005,691	72.19%
2024	1,600,473	28,888	789,130	-	511,309	2,929,799	65.84%
2025	1,571,195	24,034	770,994	-	391,043	2,757,267	59.87%
2026	1,567,857	19,181	733,614	-	355,371	2,676,024	54.08%
2027	1,567,857	18,266	736,863	-	310,107	2,633,093	48.38%
2028	1,567,857	18,266	735,977	-	161,090	2,483,190	43.00%
2029	1,567,857	18,266	557,814	-	160,556	2,304,493	38.01%
2030-2034	7,279,563	91,331	1,705,622	-	159,527	9,236,044	18.00%
2035-2039	4,104,828	91,331	996,495	-	-	5,192,653	6.76%
2040-2044	1,284,185	25,494	778,574	-	-	2,088,254	2.24%
2045-2049	22,220	25,494	452,241	-	-	499,955	1.15%
2050-2054	-	-	403,139	-	-	403,139	0.28%
2055-2059	-	-	129,691	-	-	129,691	0.00%
<b>Totals</b>	<b>\$ 29,175,394</b>	<b>\$ 476,102</b>	<b>\$ 12,146,692</b>	<b>\$ 97,248</b>	<b>\$ 4,280,095</b>	<b>\$ 46,175,532</b>	

OWDA - Ohio Water Development Authority

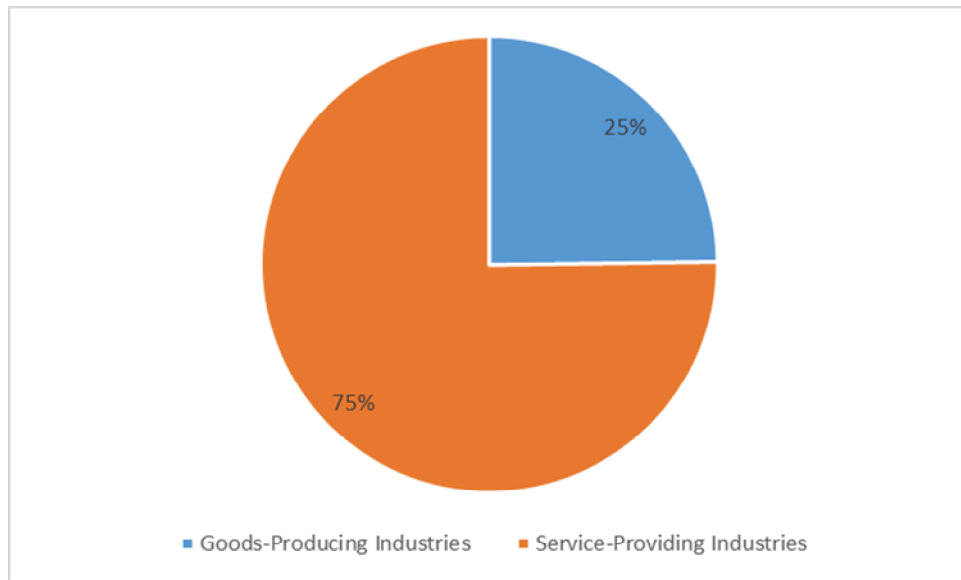
OPWC - Ohio Public Works Commission

**CONTINUING DISCLOSURE REQUIREMENTS**



**NORTHWESTERN WATER & SEWER DISTRICT  
NONAGRICULTURAL EMPLOYMENT  
TOLEDO PRIMARY METROPOLITAN STATISTICAL AREA  
(INCLUDES WOOD COUNTY)  
YEAR ENDED DECEMBER 31, 2019**

	<u>Employment</u>
Goods-Producing Industries	61,700
Natural Resources, Mining, and Construction	16,400
Manufacturing	45,300
Durable Goods	35,000
Transportation Equipment	16,800
Service-Providing Industries	204,100
Trade, Transportation, and Utilities	59,800
Information	2,800
Financial Activities	11,300
Professional and Business Services	35,000
Educational and Health Services	50,600
Leisure and Hospitality	32,700
Other Services	1,900
Government	47,600







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

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Bowling Green State University	3,175	1	4.64	5,361	1	9.18 %
Magna International	2,200	2	3.21			
First Solar	1,200	3	1.75	1,100	4	188.00%
Owens Community College	1,056	4	1.54	1,525	2	2.61
Walgreens	1,000	5	1.46	760	7	1.30
Wood County	825	6	1.21	1,222	3	2.09
Chrysler	800	7	1.17	850	6	1.46
Fed Ex Ground	800	8	1.17			
Home Depot	750	9	1.10			
Owens-Illinois, Inc	700	10	1.02			
Cooper Standard Automotive				565	10	0.97
NFO Market Research	-		-	625	9	1.07
Wood County Hospital	-		-	900	5	1.54
Norplas	-		-	650	8	1.11
<b>Totals</b>	<b>12,506</b>		<b>18.27</b>	<b>13,558</b>		<b>23.21</b>
 Total Employment within Wood County	 68,451			 58,400		



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

<u>Year Ended December 31,</u>	<u>Population (Estimated)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2019	130,696	\$ 6,233,415,024	\$ 47,694	3.40 %
2018	130,492	5,884,310,000	45,093	4.00 %
2017	130,219	5,733,453,000	44,029	4.30 %
2016	129,730	5,536,741,000	42,679	4.20 %
2015	129,590	5,311,375,740	40,986	4.10 %
2014	129,264	5,033,023,104	38,936	4.20 %
2013	128,200	4,940,000,000	38,534	6.30 %
2012	128,200	4,947,622,600	38,593	6.10 %
2011	125,500	4,430,150,000	35,300	7.10 %
2010	125,488	4,434,871,408	35,341	9.10 %

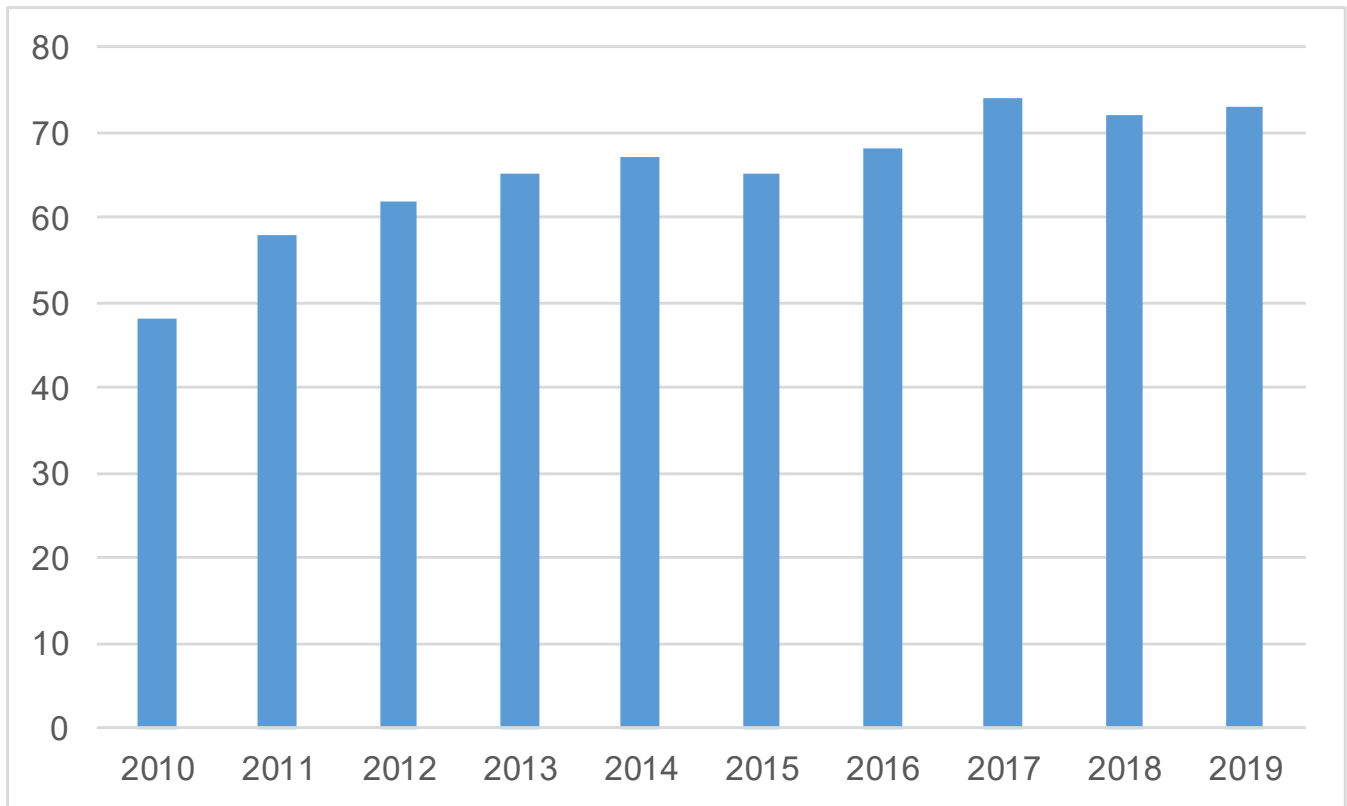
Source: U.S. Census Bureau.  
Ohio Department of Job and Family Services.  
Bureau of Economic Analysis.



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

DEPARTMENT	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	2	2	3	3	2	2	2	3	3	3
Finance	3	3	3	3	5	5	5	5	5	5
Customer Service (1)	5	11	12	12	13	12	10	12	11	11
Engineering	10	12	10	12	11	11	14	15	14	14
GIS/IT (2)			3	3	3	3	3	3	4	4
Operations	28	30	31	32	33	32	34	36	35	36
Total	48	58	62	65	67	65	68	74	72	73

- (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.





**NORTHWESTERN WATER & SEWER DISTRICT  
DEMOGRAPHIC STATISTICS  
DECEMBER 31, 2019**

**WATER SYSTEM**

Miles of Potable Water Lines	458
Total Water Customers	17,164
Number of Fire Hydrants	3,959
Water Towers	10
Number of WaterShed and Bulk Water Stations	17

**SEWER SYSTEM**

Miles of Sewer Lines	365
Total Sewer Customers	19,002
Number of Pump Stations	78
Number of Treatment Plants	16
Number of Manholes	5,800

**GENERAL INFORMATION**

Population Served (Estimated)	47,505
Number of Employees	73

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

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# OHIO AUDITOR OF STATE KEITH FABER



**NORTHWESTERN WATER AND SEWER DISTRICT**

**WOOD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/22/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)