

**NORTHWESTERN WATER AND SEWER DISTRICT**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Northwestern Water and Sewer District, Wood County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2003 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 2, 2004

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# NORTHWESTERN WATER AND SEWER DISTRICT

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NORTHWESTERN WATER AND SEWER DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 (CASH BASIS)  
 For the Year Ended December 31, 2003

<u>Federal Grantor/Pass - Through Grantor Program Titles</u>	<u>Project Number</u>	<u>CFDA Number</u>	<u>Grant Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Water and Waste Program		10.760	<u>\$1,894,953</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$1,894,953</u>



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Northwestern Water and Sewer District (District) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Northwestern Water and Sewer District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwestern Water and Sewer District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not

The Board of Trustees  
Northwestern Water and Sewer District  
Page Two

be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that we have reported to the management of Northwestern Water and Sewer District in a separate letter dated May 18, 2004.

This report is intended solely for the information of and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Webster O'Brien, LTD*

May 18, 2004





INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133

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

### Compliance

We have audited the compliance of Northwestern Water and Sewer District ("District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 District'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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of Northwestern Water and Sewer District as of and for the year ended December 31, 2003, and have issued our report thereon dated May 18, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of and use of the District's Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*William O'Brien, LTD.*

May 18, 2004

**NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2003**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Reportable condition(s) identified not considered to be material weaknesses?	_____yes	___X___none reported
Noncompliance material to financial statements noted?	_____yes	___X___no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	___X___no
Reportable conditions(s) identified not considered to be material weaknesses?	_____yes	___X___none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	___X___no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low risk auditee?	___X___yes	_____no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

NORTHWESTERN WATER AND SEWER DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2003

NONE

**NORTHWESTERN WATER AND SEWER DISTRICT**  
A POLITICAL SUBDIVISION OF THE STATE OF OHIO

**NORTHWESTERN  
WATER & SEWER  
DISTRICT**



**12560 Middleton Pike  
Middleton Twp., Ohio 43402**

**Comprehensive Annual Financial Report**  
For the year ended December 31, 2003



NORTHWESTERN WATER AND SEWER DISTRICT  
A POLITICAL SUBDIVISION OF THE  
STATE OF OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2003

SUBMITTED BY:

Finance Department

NORTHWESTERN  
WATER AND SEWER  
DISTRICT





**NORTHWESTERN WATER AND SEWER DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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June 4, 2004

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, 2003, is hereby submitted. This report conforms to Generally Accepted Accounting Principles (GAAP) including Governmental Accounting Standards Board Statements 34 through 38 as applicable. 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 Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, a list of the District's principal officials and a table of organization. The financial section includes the statements and related notes, required supplementary information and other supplementary information. The report of the independent auditors, management's discussion and analysis, the 2003 financial statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis that is helpful in performing trend analysis.

The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this Single Audit, including a schedule of expenditures of federal awards and the independent auditor's report on compliance with requirements applicable to each major federal award program and internal control over compliance, is included in a separately issued Single Audit report.

As a recipient of federal and state financial assistance, the District is also responsible for establishing an adequate internal control structure to monitor and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and external auditors.

As part of the District's Single Audit, described earlier, tests were made by the District's external auditors of its internal control structure and compliance with applicable laws and regulations, including those related to federal financial assistance programs. Although this testing is not sufficient to support a separate opinion on the District's internal control system or its overall compliance with laws and regulations related to federal financial assistance programs, the audit for the year ended December 31, 2003 disclosed no material internal control weaknesses or material violations of laws and regulations.

GAAP require 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 for the purpose of supplying water and providing for the collection, treatment, and disposal of wastewater to users within and without the District. 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 6 municipalities and 17 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 revenues of the District generated from charges for water and/or sewer services.

## **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 2003 population of the MSA is estimated to be approximately 608,000, of which the County accounted for approximately 121,000 in 2003. 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. Based on 1995 data compiled by the U.S. Census Bureau, manufacturing accounted for 37% of the Wood County employment base. This figure ranked 16 percentage points above the retail trade sector of the economy, which contributed the most after manufacturing, and 18 percentage points above the service sector. The average per year salary by manufacturing employees in the county in 1992 was \$37,232.

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 2002-03 school year, the university had 18,700 students, 820 full-time and 334 part-time faculty members as well as 1,911 full and part-time administrative and classified staff. Students, faculty and staff members contribute heavily to the economy of Wood County.

During 2003, 526 building permits were issued for single family residential construction in Wood County.

## **Accounting Systems**

Accounting Controls The District is a single enterprise utility fund with its accounting records recorded on the accrual basis. Revenues are recognized when measurable and earned, expenses are recognized when incurred. The basis of accounting utilized by the District is fully described in Note 1 to the basic financial statements.

Internal Controls In developing the District's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Budgetary Controls General provisions regulating the District's budget and appropriation procedures are set forth in the Ohio Revised Code. The Executive Director 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 July 15 of the year to which they apply. Readers should refer to the Schedule of Revenues, Expenses and Changes in Net Assets-Budget to Actual on page F34 of this report.

## **Cash Management**

The District currently only invests in the following major types of instruments: obligations issued or backed by the United States Government; the STAROhio Fund; or liquid asset management accounts. A portion of the District's investment portfolio is comprised of securities with longer maturity terms (three to five years) to more accurately match the time when the funds will be utilized and to take advantage of higher interest rates. All investments comply with the requirements of the Ohio Revised Code.

## **Risk Management**

Medical, dental, vision and drug card insurance is purchased from Wood County Commissioners in Ohio through a cooperative arrangement. The District pays the State Worker's Compensation system a premium based on a rate per \$100 of salaries. The District maintains other insurance coverage for liability, property and crime. There have been no significant reductions in insurance coverage from 2002, and no insurance settlement has exceeded insurance coverage during the last three years. Note 9 to the audited financial statements discloses information about risk management.

## **Debt Administration**

At year-end, the District had debt outstanding of \$25,078,799. Outstanding bonds of the District are rated A3 by Moody's and A+ by Standard & Poor's rating agencies. The District has a MIG-1 rating from Moody's on short-term borrowing. Notes 4 and 5 to the audited financial statements include schedules of debt outstanding and future debt service requirements.

## **DISTRICT MAJOR INITIATIVES**

### **Rate Study**

A rate study of a projected 3 year period concluded rates for sanitary sewer services appeared to be sufficient at current levels for the next three years. The study also concluded that an increase in rates was necessary for water service. A separate study of System Development Fees concluded that the fee for a sewer equivalent dwelling unit could be reduced by \$200 to \$1,050. The study also concluded that the System Development Fee for a water equivalent dwelling unit needed to increase by \$200 to \$1,050. Effective January 1, 2003, the District's Board adopted rates and fees as recommended by the studies.

### **2003 Awards**

For an exemplary safety record, the District received the Ohio Water Environment Association Safety Award.

### **Geographic Information System**

The District completed the transfer of its water and sewer infrastructure from a paper data base to an electronic geographical information system. This will allow District personnel as well as others to have easier access and better quality of information than previously available. This will allow for future benefits to operations personnel by having on-line access to data from the field to improve efficiency and recordkeeping.

### **Rudolph Sewer Project**

The Wood County Health Department had ordered the septic systems in the unincorporated village of Rudolph replaced with a central sewer collection system. The District planned this project and began construction in 2003 with substantial completion occurring by the end of 2003. This project will remove 211 septic systems which contribute to pollution and stream degradation.

### **Jerry City Water Line Project**

The District started a water line project that will provide a higher quality of water to residents of the Village of Jerry City and the new Elmwood School. Prior to this project, residents had water provided through individual wells that produced water with a high sulphur content. This project will be completed in early 2004.

## City of Oregon Water Treatment Plant Expansion

The District has agreed contractually to fund a portion of the cost to expand the City of Oregon water treatment plant expansion in order to receive an 11.58% allocation of the plant production. During 2003, the District contributed \$863,000 towards phase II expansion construction. The District anticipates contributing approximately \$1.1 million over the next two years towards phases III, IV and V. This will insure the District long-term water capacity if needed.

## Water and Sewer Master Plan Update

The District has a current master plan for both water and sewer service within Wood County that was discussed in public meetings and approved by the Board approximately ten years ago. During 2004, the District will update both the water and sewer master plans in order to provide a "road map" for future projects within the District's service area reflecting recent service provider agreements, new development and various land use changes.

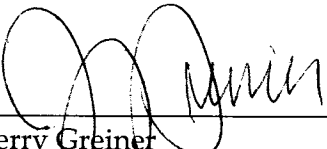
## INDEPENDENT AUDIT

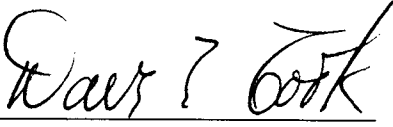
As part of the preparation of the comprehensive annual financial report, the District subjects its financial statements to an annual audit, which was performed by Weber O'Brien Ltd., a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the audited financial statements of the District are free of material misstatement. The unqualified opinion rendered on the District's financial statements for the year ended December 31, 2003 is presented in the financial section of this report.

## ACKNOWLEDGEMENTS

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

Respectfully submitted,

  
\_\_\_\_\_  
Jerry Greiner  
Executive Director

  
\_\_\_\_\_  
Dave E. Cook  
Finance Director

DISTRICT OFFICIALS

DECEMBER 31, 2003

**Board of Trustees**

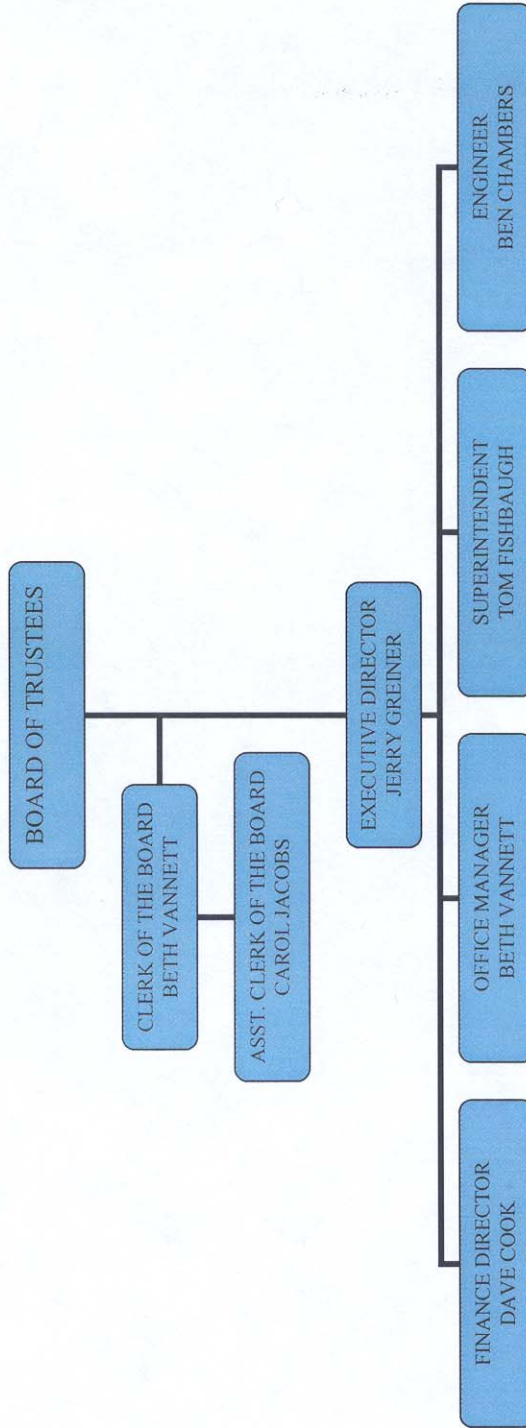
<u>Office</u>	<u>Name</u>	<u>Date Originally Installed</u>	<u>Term Expires</u>
President.....	Phillip Shaffer.....	9/14/95	12/31/04
Vice President.....	John Ault.....	7/21/92	12/31/06
Secretary/Treasurer.....	John M. Current.....	7/21/92	12/31/08
Member.....	Lyle Schulte.....	1/7/99	12/31/04
Member.....	Paul Brim.....	1/1/94	12/31/06
Member.....	John A. Cheney.....	7/21/92	12/31/04
Member.....	Karl Hirzel, Jr.....	7/21/92	12/31/08
Member.....	Alex Molner.....	11/1/97	12/31/06
Member.....	Henry F. Moyer.....	7/21/92	12/31/08

**Senior Staff**

Jerry R. Greiner.....	Executive Director
Bennett G. Chambers, P.E.....	Engineer
Thomas A. Fishbaugh.....	Superintendent
Dave E. Cook.....	Finance Director
Beth A. Vannett.....	Office Manager



ORGANIZATIONAL CHART  
NORTHWESTERN WATER AND SEWER DISTRICT  
DECEMBER 31, 2003



Number of Employees by Department	
Executive	1
Engineering	6
Operations	20
Finance	2
Office	6
	35
Total Employees December 31, 2003	

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of the Northwestern Water and Sewer District (the "District") as of December 31, 2003 and 2002, and the related statements of revenue, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 12, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of and for the year ended December 31, 2003, and the accompanying financial statements for 2002 have been restated for comparative purposes.

The Board of Trustees  
Northwestern Water and Sewer District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2004 on our consideration of the District's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages F3 - F8 and F34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the District taken as a whole. The additional information on pages F35-F42, which is presented for purposes of additional analysis, is not a required part of the financial statements. Such additional information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Webster O'Sum, CTD,

May 18, 2004

# 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, 2003. This information should be read in conjunction with the letter of transmittal and basic financial statements included in this report.

### Financial Highlights

- Assets exceeded liabilities by \$79,217,257 as of December 31, 2003.
- Net assets increased by \$6,128,489 in 2003.
- Of the increase in net assets, \$2,272,675, or 37% was attributable to investment in capital assets, net of related debt. The remaining increase of \$3,855,814 consisted of a \$4,991,959 increase in unrestricted net assets and \$1,136,145 decrease in restricted net assets.
- Debt increased \$1,698,553. Retirements of debt principal were \$6,173,767 and new issues of debt principal were \$7,872,320.

### 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 Assets, the Statements of Revenues, Expenses and Changes in Net Assets, 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 Assets presents the District's financial position and reports the resources owned by the District (assets), obligations owed by the District (liabilities) and District net assets (the difference between assets and liabilities). The Statements of Revenues, Expenses and Changes in Net Assets presents a summary of how the District's net assets 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. It summarizes 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

Recall that the statement of net assets provides the prospective of the District as a whole. This is the first year for adoption of GASB Statement No. 34, therefore a financial analysis of the prior year is not available. A comparative analysis will be provided in future years when prior year information is available.

# NORTHWESTERN WATER & SEWER DISTRICT

## Management's Discussion and Analysis (Unaudited)

The tables below provide a summary of the District's financial position and operations for 2003 and 2002 respectively. The District implemented Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* in 2003. Certain amounts may vary slightly due to differences caused by rounding to thousands.

### Condensed Statements of Net Assets December 31, (Amounts in Thousands)

	2003	2002	<u>Change</u> Amount	%
<u>Assets</u>				
Current assets	\$13,803	\$11,463	\$2,340	20.4%
Capital assets, net	81,716	76,606	5,110	6.7
Other noncurrent assets	10,556	9,760	796	8.2
<b>Total assets</b>	<b>106,075</b>	<b>97,829</b>	<b>8,246</b>	<b>8.4</b>
<u>Liabilities</u>				
Current liabilities	6,429	4,550	1,879	41.3
Long-term debt	20,429	20,190	239	1.2
<b>Total liabilities</b>	<b>26,858</b>	<b>24,740</b>	<b>2,118</b>	<b>8.6</b>
<u>Net assets</u>				
Invested in capital assets	59,024	56,752	2,272	4.0
Restricted	2,307	3,443	(1,136)	(33.0)
Unrestricted	17,886	12,894	4,992	38.7
<b>Total net assets</b>	<b>\$79,217</b>	<b>\$73,089</b>	<b>\$6,128</b>	<b>8.4%</b>

## NORTHWESTERN WATER & SEWER DISTRICT

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

During 2003, net assets increased by \$6,128,489. The majority of this increase was due to the following:

- Accounts receivables increased by \$515,083.
- Other receivables increased by \$956,123.
- Special assessments increased by \$1,925,891.
- Net capital assets increased by \$5,110,363 due mainly to construction of water and sewer lines.
- Notes payable increased by \$1,331,247 due to short-term borrowing for construction projects.
- Accounts payable to vendors increased by \$368,760.

The following table summarizes the changes in revenues and expenses for the District between 2003 and 2002:

**Condensed Statements of Revenues, Expenses and Changes in Net Assets**  
**Years ended December 31,**  
 (Amounts in Thousands)

	2003	2002	<u>Change</u>	
			Amount	%
<u>Operating revenues</u>				
Utility revenue	\$4,604	\$4,498	\$106	2.4%
Other operating revenues	616	454	162	35.7
<b>Total operating revenues</b>	<b>5,220</b>	<b>4,952</b>	<b>268</b>	<b>5.4</b>
<u>Operating expenses</u>				
Operations	3,128	2,909	219	7.5
Maintenance	406	430	(24)	(5.6)
Depreciation	2,602	2,343	259	11.0
<b>Total operating expenses</b>	<b>6,136</b>	<b>5,682</b>	<b>454</b>	<b>8.0</b>
<b>Operating loss</b>	<b>(916)</b>	<b>(730)</b>	<b>(186)</b>	<b>(25.5)</b>
Nonoperating revenues (expenses)	(497)	(261)	(236)	(90.4)
Aid in construction	7,541	5,710	1,831	32.1
<b>Changes in net assets</b>	<b>6,128</b>	<b>4,719</b>	<b>1,409</b>	<b>29.9</b>

## NORTHWESTERN WATER & SEWER DISTRICT

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

Operating revenue consists of user charges for water and sewage service fees based on water consumption. Operating expenses reflect the cost of providing these services. For the year ended December 31, 2003:

- Operating revenue increased by \$267,929 compared to 2002. This increase was due to rate increases in 2003, partially offset by volume decreases.
- Operating expenses increased by \$453,584 compared to 2002. Operations expense increased due to higher labor and benefit costs in 2003. Depreciation increased due to capital construction projects being completed during 2003.

Net nonoperating expenses increased by \$236,096. This was mainly due to interest expense increasing by \$159,238 in 2003 over 2002.

Aid in construction increased by \$1,830,880. This was due mainly to front footage and unit assessments increasing \$1,020,437, and system development fees increasing \$300,266 in 2003 over 2002.

#### Capital Assets

At the end of 2003, the District had \$81,716,609 invested in capital assets. This amount represents a net increase of approximately \$5.1 million, or 6.7% over 2002.

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

	2003	2002	<u>Change</u>	
			Amount	%
Land	\$201	\$201	\$ 0	0%
Construction in Progress	3,972	2,937	1,035	35.2
Sewer and Water Lines	67,681	64,262	3,419	5.3
Buildings, Structures and Improvements	8,413	7,934	479	6.0
Equipment	1,450	1,272	178	14.0
Totals	<u>\$81,717</u>	<u>\$76,606</u>	<u>\$5,111</u>	<u>6.7%</u>



**NORTHWESTERN WATER & SEWER DISTRICT**

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

Major additions in 2003, at cost included (In Thousands):

Sewer Lines:

St Rt 582	\$1,259
Perrysburg West Boundary Manhole Upgrade	593
Owens Rd, Walbridge Rd and Plumy Rd	1,241

Water Lines:

Bates Rd	362
Emch and Tracy Rds	124
Latcha Rd	<u>166</u>
	<u>\$3,745</u>

**Debt Administration**

At December 31, 2003 the District had total debt outstanding of \$25,078,799 compared to \$23,380,246 at December 31, 2002. This represents an increase of \$1,698,553. During 2003 the District issued \$7,872,320 of new debt and repaid \$6,173,767 in principal on outstanding debt. The District has ratings on its long term debt of A3 from Moody's Investor Service and A+ from Standard and Poor's. The District also has a rating of MIG-1 from Moody's on its short-term debt.

This information should be read in conjunction with Notes 4 and 5 to the audited financial statements for more detailed information on debt.

**Outstanding Debt at December 31,  
(In Thousands)**

	2003	2002
Revenue Bonds and Notes	\$6,833	\$7,303
Special Assessment Bonds and Notes	8,140	5,671
Ohio Water Development Authority Loans	9,550	9,989
Ohio Public Works Commission Loans	<u>556</u>	<u>417</u>
Total Debt	<u>\$25,079</u>	<u>\$23,380</u>

# NORTHWESTERN WATER & SEWER DISTRICT

## Management's Discussion and Analysis (Unaudited)

### **Economic Factors**

Based on a rate study, sewer rates were increased by 4% effective January 1, 2003. Water rates were increased by 12% also effective January 1, 2003. Utility revenues for 2003 increased \$105,460 or 2.3% over 2002. Offsetting the water and sewer rate increases were water and sewer volume decreases in 2003 of 5.0% and 5.9%, respectively. 2002 had less rain than normal which resulted in increased water consumption. A new rate study was conducted during 2003 and based on this study, sewer rates are scheduled to remain the same for 2004 while water rates will increase by 4% effective January 1, 2004. The Board has directed that rates be reviewed on an annual basis with a full study being conducted every two years.

### **Budgetary Highlights**

There were no differences between the original and final budget amounts for 2003. The differences between the final budget amounts and actual results for 2003 resulted in a favorable variance of \$44,641 in the budgeted operating loss and an unfavorable variance of \$428,664 in total budgeted revenue vs. expenses.

### **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 Finance Director, Northwestern Water and Sewer District, P.O. Box 348, Bowling Green, Ohio 43402, or by telephone at (419) 354-9090.

NORTHWESTERN WATER AND SEWER DISTRICT  
STATEMENTS OF NET ASSETS  
December 31, 2003 and 2002

ASSETS

	<u>2003</u>	<u>2002</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 3,359,240	\$ 2,672,741
Investments (Note 2)	6,292,626	6,269,400
Accounts receivable - trade	2,320,160	1,805,077
Other receivables	959,103	2,980
Special assessments receivable - current portion	535,172	474,907
Inventory	282,802	190,146
Prepaid expenses	53,458	48,116
<b>Total Current Assets</b>	13,802,561	11,463,367
<b>RESTRICTED ASSETS (Note 2)</b>		
Restricted for debt retirement:		
Cash and cash equivalents	53	609,492
Investments	2,306,885	2,833,591
<b>Total Restricted Assets</b>	2,306,938	3,443,083
<b>CAPITAL ASSETS (Note 3, 4 and 5)</b>		
Sewer and water lines	109,235,269	103,781,229
Buildings, pumps and lift stations	8,419,418	8,670,434
Machinery and equipment	2,081,018	1,867,531
Vehicles	893,013	871,248
Furniture and fixtures	209,288	46,613
Computer equipment	466,535	323,962
Improvements-Oregon Waste Water Trtmt. Plant	4,521,054	3,589,929
Total depreciable capital assets	125,825,595	119,150,946
Accumulated depreciation and amortization	(48,281,632)	(45,682,721)
Net depreciable capital assets	77,543,963	73,468,225
Land	200,578	200,578
Construction in progress	3,972,068	2,937,443
<b>Net Capital Assets</b>	81,716,609	76,606,246
<b>OTHER ASSETS</b>		
Special assessments receivable, less current portion	7,841,060	5,975,434
Reserve with County Commissioners (Note 6)	258,769	258,769
Deferred loan costs - net of accumulated amortization of \$14,133 and \$6,057, respectively	79,339	82,329
Miscellaneous	69,542	-0-
<b>Total Other Assets</b>	8,248,710	6,316,532
<b>TOTAL ASSETS</b>	106,074,818	97,829,228

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

NORTHWESTERN WATER AND SEWER DISTRICT  
STATEMENTS OF NET ASSETS, CONTINUED  
December 31, 2003 and 2002

LIABILITIES AND NET ASSETS

	<u>2003</u>	<u>2002</u>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable (Note 4)	\$ 3,479,339	\$ 2,148,092
Current portion of long-term debt (Note 5)	1,170,990	1,042,025
Accounts payable - trade	527,957	159,197
Accounts payable - other	97,774	82,640
Compensated absences payable (Note 8)	145,107	127,465
Accrued payroll and payroll taxes	108,727	93,322
Accrued interest payable	461,180	478,946
Amounts due others	<u>438,017</u>	<u>418,644</u>
<b>Total Current Liabilities</b>	<b>6,429,091</b>	<b>4,550,331</b>
Long-term debt, less current portion (Note 5)	<u>20,428,470</u>	<u>20,190,129</u>
<b>TOTAL LIABILITIES</b>	<b><u>26,857,561</u></b>	<b><u>24,740,460</u></b>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	59,024,087	56,751,412
Restricted	2,306,938	3,443,083
Unrestricted	<u>17,886,232</u>	<u>12,894,273</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 79,217,257</u></b>	<b><u>\$ 73,088,768</u></b>

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NORTHWESTERN WATER AND SEWER DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>OPERATING REVENUES</b>		
Utility revenue	\$ 4,603,760	\$ 4,498,300
Fees and permits	376,909	285,107
Contract services	162,763	99,522
Other	<u>76,949</u>	<u>69,523</u>
<b>Total Operating Revenues</b>	<b>5,220,381</b>	<b>4,952,452</b>
<b>OPERATING EXPENSES</b>		
Depreciation and amortization	2,609,766	2,343,751
Labor	1,303,472	1,031,222
Employee benefits	478,086	441,830
Professional services	274,369	436,248
Purchased water and sewer treatment	628,877	578,891
Materials and supplies	406,470	429,764
Utilities	274,346	253,830
Rent	5,176	25,196
Other	<u>155,193</u>	<u>141,439</u>
<b>Total Operating Expenses</b>	<b><u>6,135,755</u></b>	<b><u>5,682,171</u></b>
<b>Operating Loss</b>	<b>(915,374)</b>	<b>(729,719)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	639,717	629,298
Interest expense	(1,065,332)	(906,094)
Other	<u>(71,690)</u>	<u>15,587</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(497,305)</b>	<b>(261,209)</b>
Aid in construction	<u>7,541,168</u>	<u>5,710,288</u>
<b>CHANGE IN NET ASSETS</b>	<b>6,128,489</b>	<b>4,719,360</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>73,088,768</u></b>	<b><u>68,369,408</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 79,217,257</u></b>	<b><u>\$ 73,088,768</u></b>

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NORTHWESTERN WATER AND SEWER DISTRICT  
 STATEMENTS OF CASH FLOWS  
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers	\$ 5,183,278	\$ 5,393,132
Cash Payments to Suppliers for Goods and Services	(1,528,917)	(2,417,169)
Cash Payments to Employees for Services	<u>(1,748,511)</u>	<u>(1,434,225)</u>
NET CASH PROVIDED BY OPERATIONS	1,905,850	1,541,738
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Aid in construction	662,405	1,623,303
Proceeds from capital grant	369,500	156,041
System development fees	1,231,763	931,497
Acquisition and construction of capital assets	(6,268,971)	(5,725,386)
Proceeds from issuance of short-term notes	2,430,079	2,148,092
Proceeds from issuance of long-term debt	4,392,981	9,416,349
Repayment of short-term notes	(1,098,832)	(2,965,000)
Repayment of long-term debt	(4,025,675)	(1,921,800)
Collections on special assessments	474,417	377,710
Increase in capital asset payable	15,134	82,640
Interest paid	<u>(1,083,098)</u>	<u>(750,629)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,900,297)	3,372,817
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	639,717	629,298
Proceeds on sale of investments	12,838,280	6,943,751
Purchases of investments	<u>(12,406,490)</u>	<u>(9,849,756)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,071,507</u>	<u>(2,276,707)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	77,060	2,637,848
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,282,233</u>	<u>644,385</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,359,293</u>	<u>\$ 3,282,233</u>
Restricted cash	\$ 53	\$ 609,492
Unrestricted cash	<u>\$ 3,359,240</u>	<u>\$ 2,672,741</u>

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NORTHWESTERN WATER AND SEWER DISTRICT  
 STATEMENTS OF CASH FLOWS, CONTINUED  
 Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating loss	\$ (915,374)	\$ (729,719)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	2,609,766	2,343,751
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	(37,103)	440,680
Inventory	(92,656)	(23,295)
Other	(62,321)	(24,359)
Accounts payable	368,760	(770,324)
Accrued payroll and payroll taxes	15,405	15,662
Amounts due others	19,373	289,342
Total adjustments	<u>2,821,224</u>	<u>2,271,457</u>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>\$ 1,905,850</u>	<u>\$ 1,541,738</u>

**SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:**

As of December 31, 2003 capital grants receivable of \$1,434,103 were recognized and recorded as aid in construction.

Special assessments of \$2,400,308 and \$957,578 were recognized and recorded as aid in construction in 2003 and 2002, respectively.

Developers dedicated water and sewer lines with total costs of \$1,443,087 and \$2,041,869 in 2003 and 2002, respectively, with such contributions recorded as aid in construction.

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NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
Years Ended December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Northwestern Water and Sewer District (the District) commenced operations on January 1, 1994. The District was created upon approval by the Wood County Court of Common Pleas pursuant to Section 6119 of the Ohio Revised Code for the purpose of supplying water and providing for the collection, treatment, and disposal of wastewater to users within and without the District. The District was previously known as the Wood County Sanitary Engineer's Office and was under the control of Wood County (the County). Upon commencement, the County transferred the use of all related assets and liabilities to the District at carrying value.

The District is governed by a nine-member Board of Trustees (the Board), three appointed by the participating municipalities, three by the participating townships, and three by the County Commissioners. Board members serve staggered terms of six years. The Board controls the employment of the Executive Director 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 may also assess real estate for certain improvements and issue bonds in anticipation of the collection of such special assessments. The District has not exercised these taxing powers.

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.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 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 criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The District does not have financial accountability over any entities.



NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**Measurement Focus**

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

**Use of Estimates**

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

**Budgetary Process**

The District is required by law to budget its funds, through adoption of an operating budget by July 15 of each year for the following fiscal year. The operating budget includes estimates for total revenues, total expenses, and debt service requirements for the fiscal year. The District prepares its operating budget on the accrual basis of accounting, the same basis on which its financial statements are prepared.

**Cash and Cash Equivalents**

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

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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.

**Deferred Loan Costs**

Deferred loan costs are amortized using the straight-line method over the term of the related debt.

**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.

**Inventory**

Inventory items are stated at lower of cost or market. Inventory consists primarily of water meters and maintenance parts and supplies for the water and sewer lines.

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution.

Depreciation is recorded using the straight-line method over the estimated lives of the depreciable assets.

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 capitalized interest of \$33,300 and \$148,000 for the years ended December 31, 2003 and 2002, respectively.

**Investments**

Investments are stated at fair value.

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Compensated Absences**

The District follows GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment.

**Revenues and Expenses**

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

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

**Aid in Construction**

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

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets consist of monies and other resources which are restricted to satisfy debt service requirements as specified in debt agreements.

The District's Board of Trustees has designated unrestricted net assets of \$7,443,929 and \$2,861,290 as of December 31, 2003 and 2002, 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.

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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, 62% and 38%, respectively.

**Comparative Data/Reclassifications**

Comparative data for the prior year is presented in order to provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2002 financial statements in order to conform to the 2003 presentation.

**NOTE 2 - CASH AND INVESTMENTS**

**Deposits**

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

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.

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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

NORTHWESTERN WATER AND SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 Years Ended December 31, 2003 and 2002

NOTE 2 - CASH AND INVESTMENTS, Continued

The District's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the District or its safekeeping agent in the District's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the District's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the District's name.

The carrying value of the District's deposits was \$3,359,240 and \$2,625,059 at December 31, 2003 and 2002, respectively. The following shows the bank balances of the District's deposits in each category:

- Category 1. \$100,000 was covered by federal depository insurance.
- Category 3. \$3,517,292 and \$2,742,996 as of December 31, 2003 and 2002, respectively, was covered by collateral held by the pledging financial institution, but not in the name of the District.

A reconciliation of the carrying value of the District's deposits above to the balance sheet follows:

	<u>2003</u>	<u>2002</u>
Unrestricted Deposits	\$3,359,240	\$2,625,059
Unrestricted Cash Equivalents	<u>-0-</u>	<u>47,682</u>
Unrestricted Cash and Cash Equivalents Total	<u>\$3,359,240</u>	<u>\$2,672,741</u>
 Debt Restricted Cash Equivalents	 <u>\$ 53</u>	 <u>\$ 609,492</u>

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

NOTE 2 - CASH AND INVESTMENTS, Continued

**Investments**

State Statute and Board Resolutions authorize the District to invest in obligations of U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2003 and 2002.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the District's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the District's name. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form.

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 2 - CASH AND INVESTMENTS, Continued**

**Investments, Continued**

The District's investments consist of the following:

<u>INVESTMENT</u>	<u>2003</u>		<u>2002</u>	
	<u>CATEGORY B</u>	<u>CARRYING/ FAIR VALUE</u>	<u>CATEGORY B</u>	<u>CARRYING/ FAIR VALUE</u>
U.S. Treasuries and Federal Agency Obligations	\$7,489,810	\$7,489,810	\$7,078,845	\$7,078,845
Money Market Mutual Funds	1,109,107	1,109,701	2,024,146	2,024,146
Star Ohio		<u>53</u>		<u>657,174</u>
Total Investments (including restricted)		<u>\$8,599,564</u>		<u>\$9,760,165</u>

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classification of cash and cash equivalents and investments on the financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>2003</u>		<u>2002</u>	
	<u>Cash</u>	<u>Investments</u>	<u>Cash</u>	<u>Investments</u>
GASB Statement No. 9	\$3,359,293	\$8,599,511	\$3,282,233	\$9,102,991
Investments:				
STAR Ohio	( <u>53</u> )	<u>53</u>	( <u>657,174</u> )	<u>657,174</u>
GASB Statement No. 3	<u>\$3,359,240</u>	<u>\$8,599,564</u>	<u>\$2,625,059</u>	<u>\$9,760,165</u>

Classification in the Statements of Net Assets:

	<u>2003</u>	<u>2002</u>
Cash and Equivalents:		
Current	\$3,359,240	\$2,672,741
Restricted for debt retirement	<u>53</u>	<u>609,492</u>
Total	<u>\$3,359,293</u>	<u>\$3,282,233</u>
Investments:		
Current	\$6,292,626	\$6,269,400
Restricted for debt retirement	<u>2,306,885</u>	<u>2,833,591</u>
Total	<u>\$8,599,511</u>	<u>\$9,102,991</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**NOTE 3 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2003 is as follows:

	Balance at December 31, <u>2002</u>	Additions	Retirements	Transfers	Balance at December 31, <u>2003</u>
Non-depreciable:					
Land	\$ 200,578	\$ -0-	\$ -0-	\$ -0-	\$ 200,578
Construction in progress	<u>2,937,443</u>	<u>5,045,578</u>	<u>-0-</u>	( 4,010,953)	<u>3,972,068</u>
Total non-depreciable	3,138,021	5,045,578	-0-	( 4,010,953)	4,172,646
Depreciable:					
Sewer and water lines	103,781,229	1,443,087	-0-	4,010,953	109,235,269
Buildings, pumps and lift stations	8,670,434	39,215	-0-	( 290,231)	8,419,418
Machinery and equipment	1,867,531	180,802	-0-	32,685	2,081,018
Vehicles	871,248	21,765	-0-	-0-	893,013
Furniture and fixtures	46,613	11,690	-0-	150,985	209,288
Computer equipment	323,962	42,972	6,960	106,561	466,535
Improvements - Oregon Waste Water Trtmt. Plant	<u>3,589,929</u>	<u>931,125</u>	<u>-0-</u>	<u>-0-</u>	<u>4,521,054</u>
Total depreciable	<u>119,150,946</u>	<u>2,670,656</u>	<u>6,960</u>	<u>4,010,953</u>	<u>125,825,595</u>
Totals at historical cost	122,288,967	7,716,234	6,960	-0-	129,998,241
Accumulated depreciation:					
Sewer and water lines	39,519,050	2,034,935	-0-	-0-	41,553,985
Buildings, pumps and lift stations	3,428,386	205,905	-0-	-0-	3,634,291
Machinery and equipment	922,482	216,978	-0-	-0-	1,139,460
Vehicles	671,964	79,867	-0-	-0-	751,831
Furniture and fixtures	30,080	10,407	-0-	-0-	40,487
Computer equipment	212,424	58,863	2,784	-0-	268,503
Improvements - Oregon Waste Water Trtmt. Plant	<u>898,335</u>	<u>( 5,260)</u>	<u>-0-</u>	<u>-0-</u>	<u>893,075</u>
Total accumulated depreciation	<u>45,682,721</u>	<u>2,601,695</u>	<u>2,784</u>	<u>-0-</u>	<u>48,281,632</u>
Capital Assets, Net	<u>\$ 76,606,246</u>	<u>\$ 5,114,539</u>	<u>\$ 4,176</u>	<u>\$ -0-</u>	<u>\$ 81,716,609</u>
Depreciation Expense Charged to Operating Expense		<u>\$ 2,601,695</u>			



**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 3 - CAPITAL ASSETS AND DEPRECIATION, Continued**

Capital asset activity for the year ended December 31, 2002 is as follows:

	Balance at December 31, <u>2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance at December 31, <u>2002</u>
Non-depreciable:					
Land	\$ 200,578	\$ -0-	\$ -0-	\$ -0-	\$ 200,578
Construction in progress	<u>7,167,945</u>	<u>4,247,457</u>	<u>-0-</u>	<u>( 8,477,959)</u>	<u>2,937,443</u>
Total non-depreciable	7,368,523	4,247,457	-0-	( 8,477,959)	3,138,021
Depreciable:					
Sewer and water lines	96,614,932	2,041,869	-0-	5,124,428	103,781,229
Buildings, pumps and lift stations	4,824,318	492,585	-0-	3,353,531	8,670,434
Machinery and equipment	1,035,134	832,397	-0-	-0-	1,867,531
Vehicles	877,093	-0-	5,845	-0-	871,248
Furniture and fixtures	32,969	13,644	-0-	-0-	46,613
Computer equipment	253,047	70,915	-0-	-0-	323,962
Improvements - Oregon Waste Water Trtmt. Plant	<u>3,539,929</u>	<u>50,000</u>	<u>-0-</u>	<u>-0-</u>	<u>3,589,929</u>
Total depreciable	<u>107,177,422</u>	<u>3,501,410</u>	<u>5,845</u>	<u>8,477,959</u>	<u>119,150,946</u>
Totals at historical cost	114,545,945	7,748,867	5,845	-0-	122,288,967
Accumulated depreciation:					
Sewer and water lines	37,597,358	1,921,692	-0-	-0-	39,519,050
Buildings, pumps and lift stations	3,265,629	162,757	-0-	-0-	3,428,386
Machinery and equipment	858,441	64,041	-0-	-0-	922,482
Vehicles	616,704	55,260	-0-	-0-	671,964
Furniture and fixtures	28,611	1,469	-0-	-0-	30,080
Computer equipment	188,271	24,153	-0-	-0-	212,424
Improvements - Oregon Waste Water Trtmt. Plant	<u>808,189</u>	<u>90,146</u>	<u>-0-</u>	<u>-0-</u>	<u>898,335</u>
Total accumulated depreciation	<u>43,363,203</u>	<u>2,319,518</u>	<u>-0-</u>	<u>-0-</u>	<u>45,682,721</u>
Capital Assets, Net	<u>\$ 71,182,742</u>	<u>\$5,429,349</u>	<u>\$ 5,845</u>	<u>\$ -0-</u>	<u>\$ 76,606,246</u>
Depreciation Expense Charged to Operating Expense		<u>\$2,319,518</u>			

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 4 - NOTES PAYABLE**

Notes payable issued to provide temporary financing of sewer and water construction projects outstanding at December 31, 2003 and 2002 are as follows:

Date of Issue	Purpose	Interest Rate	2003		2002	
			Maturity Date	Amount Outstanding	Maturity Date	Amount Outstanding
11/01/02	Tracy/Emch/Ayers WL	3.15%	05/01/03	\$ -0-	05/01/03	\$ 598,832
09/18/03	Jerry City Construction	1.55%	09/16/04	2,430,079		-0-
11/07/03	Rudolph SS	2.79%	05/06/04	1,049,260		-0-
11/08/02	Rudolph SS	3.12%	11/07/03	-0-	11/07/03	1,549,260
	Total Notes Payable			<u>\$3,479,339</u>		<u>\$2,148,092</u>

The notes are secured by the underlying capital assets.

Notes payable activity for the year ended December 31, 2003 is as follows:

	Balance at December 31, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2003</u>	Amount due in <u>2004</u>
Tracy/Emch/Ayers WL	\$ 598,832	\$ -0-	\$ 598,832	\$ -0-	\$ -0-
Jerry City Construction	-0-	2,430,079	-0-	2,430,079	2,430,079
Rudolph SS	-0-	1,049,260	-0-	1,049,260	1,049,260
Rudolph SS	<u>1,549,260</u>	<u>-0-</u>	<u>1,549,260</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$2,148,092</u>	<u>\$3,479,339</u>	<u>\$2,148,092</u>	<u>\$3,479,339</u>	<u>\$3,479,339</u>

Notes payable activity for the year ended December 31, 2002 is as follows:

	Balance at December 31, <u>2001</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2002</u>	Amount due in <u>2003</u>
Tracy/Emch/Ayers WL	\$ -0-	\$ 598,832	\$ -0-	\$ 598,832	\$ 598,832
Rudolph SS	-0-	1,549,260	-0-	1,549,260	1,549,260
MidStar/Stearnscrest SS	2,750,000	-0-	2,750,000	-0-	-0-
Rudolph SS	<u>215,000</u>	<u>-0-</u>	<u>215,000</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$2,965,000</u>	<u>\$2,148,092</u>	<u>\$2,965,000</u>	<u>\$2,148,092</u>	<u>\$2,148,092</u>

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 5 - DEBT**

**Ohio Water Development Authority Loans Payable**

The District has four 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, 2003 and 2002:

Project Number	Date of Loan	Original Amount	Interest Rate	Final Payment Date	<u>2003</u>	<u>2002</u>
					Amount Outstanding	Amount Outstanding
SS #140	09/29/94	1,065,000	4.18%	07/01/14	\$ 691,811	\$ 740,460
WL #234	07/27/95	5,496,313	6.36%	01/01/16	4,165,904	4,380,592
WL #167-183	05/27/99	3,503,947	5.56%	07/01/20	3,189,805	3,300,311
SS #904 & WL #904	08/31/00	1,660,596	3.0% - 6.39%	01/01/21	<u>1,502,937</u>	<u>1,567,412</u>
					<u>\$9,550,457</u>	<u>\$9,988,775</u>

Other long-term loans at December 31, 2003 and 2002 are as follows:

Date of Issue	Purpose	Interest Rates	Maturity Date	<u>2003</u>	<u>2002</u>
				Amount Outstanding	Amount Outstanding
01/01/87	Sewer Improvement - SS #220	7.76%	12/31/06	\$ 211,544	\$ 255,261
12/01/97	Jerry City SS/Cygnets Lagoon	6.04%	12/01/36	211,017	213,044
08/13/98	Jerry City SS #1800 OPWC Loan	0.00%	07/01/19	391,910	417,196
09/08/98	Jerry City SS #1800 USDA Loan	4.75%	09/08/38	273,200	276,300
07/01/03	W Boundary Rehab OPWC Loan	0.00%	07/01/13	<u>164,332</u>	<u>-0-</u>
				<u>\$1,252,003</u>	<u>\$1,161,801</u>

Bonded debt at December 31, 2003 and 2002 is as follows:

Date of Issue	Purpose	Original Amount	Interest Rates	Maturity Date	<u>2003</u>	<u>2002</u>
					Amount Outstanding	Amount Outstanding
09/17/96	Special Assessments Bond	277,159	6.20%	12/01/16	\$ 180,000	\$ 194,000
10/01/98	Special Assessments Bond	360,000	4.25 - 5.25%	10/01/18	270,000	285,000
09/23/99	Special Assessments Bond	500,000	5.85%	12/01/19	440,000	455,000
09/20/00	Special Assessments Bond	175,000	6.13%	12/01/20	150,000	160,000
01/04/02	Building Construction	3,000,000	3.20%	01/03/03	-0-	3,000,000
03/01/02	2002 Revenue Bond	4,235,000	3.00 - 5.25%	12/01/21	3,435,000	3,835,000
06/07/02	Special Assessments Bond	957,578	4.75%	11/01/22	922,000	957,578
09/01/02	Special Assessments Bond	74,000	2.91 - 5.10%	12/01/22	73,071	74,000
09/01/02	Special Assessments Bond	1,121,000	2.91 - 5.10%	12/01/22	1,106,929	1,121,000
03/20/03	USDA Building Construction	2,975,000	4.63%	03/20/33	2,975,000	-0-
09/01/03	Special Assessments Bond	1,245,000	2.00 - 5.35%	09/01/23	<u>1,245,000</u>	<u>-0-</u>
					<u>\$10,797,000</u>	<u>\$10,081,578</u>

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

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 5 - DEBT, Continued**

Long-term debt activity for the year ended December 31, 2003 is as follows:

	Balance at December 31, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2003</u>	Amount due in 2004
OWDA - SS #140	\$ 740,460	\$ -0-	\$ 48,649	\$ 691,811	\$ 50,704
OWDA - WL #234	4,380,592	-0-	214,688	4,165,904	228,343
OWDA - WL #167-183	3,300,311	-0-	110,506	3,189,805	116,736
OWDA - SS #904 & WL #904	1,567,412	-0-	64,475	1,502,937	66,424
Sewer Improvement - SS #220	255,261	-0-	43,717	211,544	47,109
Jerry City SS/Cygnnet Lagoon	213,044	-0-	2,027	211,017	2,150
Jerry City SS #1800 OPWC Loan	417,196	-0-	25,286	391,910	25,285
Jerry City SS #1800 USDA Loan	276,300	-0-	3,100	273,200	3,200
W Boundary Rehab OPWC Loan	-0-	172,981	8,649	164,332	17,298
Special Assessments Bond	194,000	-0-	14,000	180,000	14,000
Special Assessments Bond	285,000	-0-	15,000	270,000	20,000
Special Assessments Bond	455,000	-0-	15,000	440,000	20,000
Special Assessments Bond	160,000	-0-	10,000	150,000	5,000
Building Construction	3,000,000	-0-	3,000,000	-0-	-
2002 Revenue Bond	3,835,000	-0-	400,000	3,435,000	400,000
Special Assessments Bond	957,578	-0-	35,578	922,000	42,000
Special Assessments Bond	74,000	-0-	929	73,071	2,167
Special Assessments Bond	1,121,000	-0-	14,071	1,106,929	32,833
USDA Building Construction	-0-	2,975,000	-0-	2,975,000	47,741
Special Assessments Bond	-0-	<u>1,245,000</u>	<u>-0-</u>	<u>1,245,000</u>	<u>30,000</u>
Total	<u>\$21,232,154</u>	<u>\$4,392,981</u>	<u>\$4,025,675</u>	<u>\$21,599,460</u>	<u>\$1,170,990</u>

Long-term debt activity for the year ended December 31, 2002 is as follows:

	Balance at December 31, <u>2001</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2002</u>	Amount due in 2003
OWDA - SS #140	\$ 787,138	\$ -0-	\$ 46,678	\$ 740,460	\$ 48,649
OWDA - WL #234	4,582,443	-0-	201,851	4,380,592	214,688
OWDA - WL #167-183	3,404,920	-0-	104,609	3,300,311	110,506
OWDA - SS #904 & WL #904	1,629,996	-0-	62,584	1,567,412	64,475
Sewer Improvement - SS #220	295,830	-0-	40,569	255,261	43,717
Jerry City SS/Cygnnet Lagoon	214,956	-0-	1,912	213,044	2,027
Jerry City SS #1800 OPWC Loan	455,122	-0-	37,926	417,196	25,285
Jerry City SS #1800 USDA Loan	279,200	-0-	2,900	276,300	3,100
1996 Revenue Refunding Bond	935,000	-0-	935,000	-0-	-0-
Special Assessments Bond	208,000	-0-	14,000	194,000	14,000
Special Assessments Bond	305,000	-0-	20,000	285,000	15,000
Special Assessments Bond	470,000	-0-	15,000	455,000	15,000
Special Assessments Bond	170,000	-0-	10,000	160,000	10,000
Building Construction	-0-	3,000,000	-0-	3,000,000	25,000
2002 Revenue Bond	-0-	4,235,000	400,000	3,835,000	400,000
Special Assessments Bond	-0-	957,578	-0-	957,578	35,578
Special Assessments Bond	-0-	74,000	-0-	74,000	929
Special Assessments Bond	-0-	<u>1,121,000</u>	<u>-0-</u>	<u>1,121,000</u>	<u>14,071</u>
Total	<u>\$13,737,605</u>	<u>\$9,387,578</u>	<u>\$1,893,029</u>	<u>\$21,232,154</u>	<u>\$1,042,025</u>

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 5 - DEBT, Continued**

The annual principal and interest requirements on all long-term debt outstanding at December 31, 2003 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,170,990	\$ 1,062,326	\$ 2,233,316
2005	1,222,336	1,004,633	2,226,969
2006	1,246,255	973,204	2,219,459
2007	1,071,167	937,368	2,008,535
2008	1,046,336	882,882	1,929,218
2009 - 2013	5,840,658	3,560,396	9,401,054
2014 - 2018	5,361,870	1,950,553	7,312,423
2019 - 2023	2,844,938	819,801	3,664,739
2024 - 2028	685,951	315,528	1,001,479
2029 - 2033	863,366	137,853	1,001,219
2034 - 2038	<u>245,593</u>	<u>4,902</u>	<u>250,495</u>
<b>Total</b>	<b><u>\$21,599,460</u></b>	<b><u>\$11,649,446</u></b>	<b><u>\$33,248,906</u></b>

At December 31, 2003 and 2002, respectively, the District had \$2,306,938 and \$3,443,083 in cash and cash equivalents and investments restricted in accordance with loan agreements.

**NOTE 6 - COUNTY DEBT OBLIGATIONS**

The County has issued special assessment debt on behalf of the District to fund District projects. This debt will be paid from the proceeds of special assessments levied against those property owners that benefited from the projects. In the event that property owners fail to make their special assessment payments, the County is responsible for the annual principal and interest payments. At December 31, 2003 and 2002, \$2,694,000 and \$2,985,000, respectively, in special assessment debt related to the District is outstanding. This debt is backed by the full faith and credit of the County and is not reflected in the District's financial statements.

During the formation of the District, the County retained \$208,000 to establish a reserve to fund shortfalls in the collection of the above special assessments. Further, the District has agreed to advance additional funds, if necessary, to the extent shortfalls exceed the reserve. The County has agreed to remit to the District any balance that may be remaining in this reserve. During 2003 and 2002, the County did not make any withdrawals from the reserves; withdrawals in prior years have reduced this reserve to \$183,769 as of December 31, 2003 and 2002.

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 6 - COUNTY DEBT OBLIGATIONS, Continued**

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

At December 31, 2003 and 2002, \$2,124,400 and \$2,197,000, respectively, in loans from the Rotary Commission is outstanding. These amounts have not been reflected in the District's financial statements, since the County is ultimately responsible for the payment of this debt. The County retained \$75,000 during the formation of the District to establish a reserve to fund shortfalls in the collection of amounts due. Further, the District has agreed to advance additional funds, if necessary, to the extent shortfalls exceed the reserve. The County has agreed to remit to the District any balance that may be remaining in this reserve. No withdrawals from the reserve were made during 2003 and 2002, or in prior years on this reserve.

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS**

The employees of the District are covered by the Public Employees Retirement System of Ohio (PERS), a statewide cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.50% of qualifying gross wages for all employees. The total 2003 and 2002 employer contribution rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The District's contributions to P.E.R.S. for the years ending December 31, 2003, 2002 and 2001 were \$186,900, \$162,200, and \$154,900, respectively. All required contributions were made prior to each of those fiscal year ends.

Public Employees Retirement System of Ohio provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and to primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS, Continued**

portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2003 and 2002 employer contribution rate was 13.55% of covered payroll; 5.0% was the portion that was used to fund health care for 2003 and 2002, which is \$68,200 and \$59,900 for 2003 and 2002, respectively.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contribution to PERS.

OPEB is financed through employer contributions and investment earnings thereon. P.E.R.S. uses advance funding of its OPEB's on an actuarially determined basis. The most recent actuarial valuation of P.E.R.S.' OPEB liability was performed as of December 31, 2002. The following significant actuarial assumptions were used in this valuation:

Funding Method An entry age normal actuarial cost method of valuation is used in the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return The investment assumption rate was 8.00%.

Active Employee Total Payroll An annual increase of 4.00% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.5% to 6.3%.

Health Care Costs Health care costs were assumed to increase 4.00% annually.

The number of active contributing participants of P.E.R.S. as of December 31, 2002 was 364,881. The contribution rates discussed above are the actuarially determined contribution requirements for P.E.R.S. The Retirement System's net assets available for OPEB had an actuarial value of \$10.0 billion as of December 31, 2002. The actuarial accrued liability as of that date was \$18.7 billion resulting in an unfunded actuarial accrued liability of \$8.7 billion.

**NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 8 - COMPENSATED ABSENCES**

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

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

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of 4.6 hours for each eighty 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 ten 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.

At December 31, 2003 and 2002, \$145,100 and \$127,500, respectively, of vested compensated absences was accrued by the District, for both union and non-union personnel. Nonvested amounts have not been accrued, as the amounts are not material to the financial statements.

**NOTE 9 - INSURANCE**

The District maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage between 2003 and 2002.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Grants**

The District received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2003 and 2002.



NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**NOTE 10 - COMMITMENTS AND CONTINGENCIES, Continued**

**Construction Commitments**

At December 31, 2003 and 2002, the District has construction commitments, on which work has not commenced, totaling approximately \$1,618,300 and \$1,770,000, respectively, which will be funded by existing resources or the issuance of new revenue debt.

**System Development Fees**

By settlement agreement dated September 14, 2000 relating to litigation between the District and the City of Northwood, the parties resolved all claims asserted. The District agreed to pay to Northwood system development fees collected within the City for a ten (10) year term beginning in 1999 in an aggregate amount not to exceed \$500,000. Northwood relinquished any claim that it owns the District's facilities and any claim to appropriate the facilities. In 2003 and 2002, the District remitted system development fees of approximately \$21,400 and \$100,300, respectively, for cumulative fees paid under the agreement of \$309,200 at December 31, 2003.

**Litigation and Claims**

The District is involved in the following litigation:

*City of Perrysburg v. City of Toledo and the Northwestern Water and Sewer District, Lucas County Case CI-1998-01930.*

On March 30, 1998, the City of Perrysburg filed suit claiming it had the sole and exclusive right to provide water service within its Perrysburg Service Area (which includes part of Perrysburg Township) in Wood County and that it had the right to employ the District's line to transport water purchased from Toledo without charge. Both Toledo and the District counterclaimed. The District claimed that it had the right to serve customers in this same service area and further contended Perrysburg had no exclusive rights to serve customers in their Toledo contract service area, the District had the right to enforce its rules and regulations as to service and the District had the right to charge any user for: tap-in fees, service connection fees, and operation and maintenance fees for service.

The District claimed damages in excess of \$379,000 for costs of a tap into the District's transmission lines at Glenwood Road and \$5,500,000 for facilities on which the City of Perrysburg had initiated annexation procedures.

The parties engaged in limited discovery, and a pre-trial conference was held on March 10, 1999. In September 2003, the District entered into a water service agreement with the City of Perrysburg and all claims were dismissed without prejudice by the involved parties.

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

**NOTE 10 - COMMITMENTS AND CONTINGENCIES, Continued**

**Litigation and Claims, Continued**

*Environmental Review Appeals Commission:  
Simmons Road Waterline, Case 874022 and Case 874070*

The City of Perrysburg had filed several appeals to the Environmental Review Appeals Commission (ERAC) regarding EPA approval of design plans for District water and sewer line extensions contending these projects were contrary to their master plan completed several years ago for the township areas. The City believed it had paramount right to serve these areas outside of their corporate limits. The District believed the design and engineering on these projects were the issues in the appeals and not the City's master plan. In September 2003, the District entered into a water service agreement with the City of Perrysburg and all claims were dismissed without prejudice by the involved parties.

*Other*

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

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

The District has received various orders for installation of wastewater treatment facilities and collection systems within various areas of the District. As of December 31, 2003 there are six such ordered areas with preliminary or updated cost estimates totaling \$7.1 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 has approximately \$1,406,500 at December 31, 2003 in potential receivables related to special assessments that have been deferred by the County. The special assessments were deferred on properties, most of which would have qualified for loans from the Rotary Commission 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 AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002**

**NOTE 11 - SEGMENT INFORMATION**

Significant financial data for the respective divisions of the District's enterprise fund at and for the years ended December 31, 2003 and 2002 is as follows:

	2003			2002		
	Sewer	Water	Total	Sewer	Water	Total
<b>Statement of Net Assets</b>						
Current Assets	\$ 7,668,369	\$ 6,134,192	\$ 13,802,561	\$ 7,987,435	\$ 3,475,932	\$ 11,463,367
Capital Assets	48,908,317	32,808,292	81,716,609	46,699,441	29,906,805	76,606,246
Other Assets	<u>5,007,007</u>	<u>5,548,641</u>	<u>10,555,648</u>	<u>3,051,231</u>	<u>6,708,384</u>	<u>9,759,615</u>
Total Assets	61,583,693	44,491,125	106,074,818	57,738,107	40,091,121	97,829,228
Current Liabilities	2,514,683	3,914,408	6,429,091	2,690,836	1,859,495	4,550,331
Long-Term Liabilities	<u>10,570,294</u>	<u>9,858,176</u>	<u>20,428,470</u>	<u>10,126,481</u>	<u>10,063,648</u>	<u>20,190,129</u>
Total Liabilities	13,084,977	13,772,584	26,857,561	12,817,317	11,923,143	24,740,460
Invested in Capital Assets, Net of Related Debt	37,279,021	21,745,066	59,024,087	34,868,077	21,883,335	56,751,412
Restricted	464,704	1,842,234	2,306,938	240,128	3,202,955	3,443,083
Unrestricted	<u>10,754,991</u>	<u>7,131,241</u>	<u>17,886,232</u>	<u>9,812,585</u>	<u>3,081,688</u>	<u>12,894,273</u>
Total Net Assets	<u>\$48,498,716</u>	<u>\$30,718,541</u>	<u>\$79,217,257</u>	<u>\$44,920,790</u>	<u>\$28,167,978</u>	<u>\$73,088,768</u>
<b>Statement of Revenues, Expenses, and Change in Net Assets</b>						
Utility Revenues	\$2,626,460	\$ 1,977,300	\$ 4,603,760	\$ 2,650,090	\$1,848,210	\$ 4,498,300
Other Revenues	<u>304,353</u>	<u>312,268</u>	<u>616,621</u>	<u>213,569</u>	<u>240,583</u>	<u>454,152</u>
Total Operating Revenues	2,930,813	2,289,568	5,220,381	2,863,659	2,088,793	4,952,452
Depreciation and Amortization	1,770,204	839,562	2,609,766	1,501,058	842,693	2,343,751
Other Operating Expenses	<u>1,855,029</u>	<u>1,670,960</u>	<u>3,525,989</u>	<u>1,721,024</u>	<u>1,617,396</u>	<u>3,338,420</u>
Total Operating Expenses	<u>3,625,233</u>	<u>2,510,522</u>	<u>6,135,755</u>	<u>3,222,082</u>	<u>2,460,089</u>	<u>5,682,171</u>
Operating Loss	(694,420)	(220,954)	(915,374)	(358,423)	(371,296)	(729,719)
Interest Expense	(500,315)	(565,017)	(1,065,332)	(390,102)	(515,992)	(906,094)
Other Nonoperating Revenues (Expenses)	<u>271,583</u>	<u>296,444</u>	<u>568,027</u>	<u>269,012</u>	<u>375,873</u>	<u>644,885</u>
Nonoperating Revenues (Expenses)	(228,732)	(268,573)	(497,305)	(121,090)	(140,119)	(261,209)
Aid in Construction	<u>4,501,078</u>	<u>3,040,090</u>	<u>7,541,168</u>	<u>3,826,779</u>	<u>1,883,509</u>	<u>5,710,288</u>
Change in Net Assets	3,577,926	2,550,563	6,128,489	3,347,266	1,372,094	4,719,360
Beginning Net Assets	<u>44,920,790</u>	<u>28,167,978</u>	<u>73,088,768</u>	<u>41,573,524</u>	<u>26,795,884</u>	<u>68,369,408</u>
Ending Net Assets	<u>\$48,498,716</u>	<u>\$30,718,541</u>	<u>\$79,217,257</u>	<u>\$44,920,790</u>	<u>\$28,167,978</u>	<u>\$73,088,768</u>
<b>Statement of Cash Flows</b>						
Net Cash Provided (Used) by:						
Operating Activities	\$1,229,853	\$ 675,997	\$ 1,905,850	\$2,027,423	\$ (310,685)	\$ 1,541,738
Capital and Related Financing	(1,994,851)	(905,446)	(2,900,297)	(532,203)	3,730,020	3,372,817
Investing	890,556	180,951	1,071,507	(740,806)	(1,535,901)	(2,276,707)
Cash at Beginning of Year	<u>1,045,280</u>	<u>2,236,953</u>	<u>3,282,233</u>	<u>290,866</u>	<u>353,519</u>	<u>644,385</u>
Cash at End of Year	<u>\$1,170,838</u>	<u>\$2,188,455</u>	<u>\$3,359,293</u>	<u>\$1,045,280</u>	<u>\$2,236,953</u>	<u>\$3,282,233</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Years Ended December 31, 2003 and 2002

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* were adopted by the District effective January 1, 2003.

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include a statement of net assets, statement of revenues, expenses, and changes in net assets, and a statement of cash flows all prepared on the accrual basis of accounting. The accompanying financial statements for 2002 have been restated for comparative purposes. The net assets beginning of year and end of year amounts for 2002 represents the sum of retained earnings and contributed capital previously reported as of December 31, 2001 and December 31, 2002, respectively.

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET TO ACTUAL  
Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Operating Revenues:</b>				
Utility Revenue	\$ 4,708,000	\$ 4,708,000	\$ 4,603,760	\$ (104,240)
Fees and Permits	236,485	236,485	376,909	140,424
Contract Services	102,000	102,000	162,763	60,763
Other	<u>40,000</u>	<u>40,000</u>	<u>76,949</u>	<u>36,949</u>
<b>Total Operating Revenues</b>	<b>5,086,485</b>	<b>5,086,485</b>	<b>5,220,381</b>	<b>133,896</b>
<b>Operating Expenses:</b>				
Labor	1,204,000	1,204,000	1,303,472	(99,472)
Employee Benefits	463,500	463,500	478,086	(14,586)
Professional Services	425,000	425,000	274,369	150,631
Purchased Water and Sewer Treatment	575,000	575,000	628,877	(53,877)
Materials and Supplies	422,000	422,000	406,470	15,530
Utilities	305,000	305,000	274,346	30,654
Rent	2,000	2,000	5,176	(3,176)
Other	140,000	140,000	155,193	(15,193)
Depreciation and Amortization	<u>2,510,000</u>	<u>2,510,000</u>	<u>2,609,766</u>	<u>(99,766)</u>
<b>Total Operating Expenses</b>	<b>6,046,500</b>	<b>6,046,500</b>	<b>6,135,755</b>	<b>(89,255)</b>
<b>Operating Loss</b>	<b>(960,015)</b>	<b>(960,015)</b>	<b>(915,374)</b>	<b>44,641</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest Income	570,000	570,000	639,717	69,717
Interest Expense	(639,000)	(639,000)	(1,065,332)	(426,332)
Other	<u>45,000</u>	<u>45,000</u>	<u>(71,690)</u>	<u>(116,690)</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(24,000)</b>	<b>(24,000)</b>	<b>(497,305)</b>	<b>(473,305)</b>
<b>Excess of Expenses Over Revenues</b>	<b>\$ (984,015)</b>	<b>\$ (984,015)</b>	<b>(1,412,679)</b>	<b>\$ (428,664)</b>
Reconciliation to Change in Net Assets:				
Aid in Construction			<u>7,541,168</u>	
<b>Change in Net Assets</b>			<b>\$ 6,128,489</b>	

**Note to Required Supplementary Information:**

The District's budget is prepared on the basis of accounting principles generally accepted in the United States of America, the same basis on which its financial statements are prepared, except that the budget does not include aid in construction. The District is required by law to budget its funds, through adoption of an operating budget by July 15 of each year for the following year. The operating budget includes estimates for total revenues, total expenses, and debt service requirements for the fiscal year.

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

	<u>2003</u>	<u>2002</u>
Excess of expenses over revenues - operating budget basis	\$ (1,412,679)	\$ (990,928)
Aid in construction	<u>7,541,168</u>	<u>5,710,288</u>
<b>Change in net assets</b>	<b>\$ 6,128,489</b>	<b>\$ 4,719,360</b>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF NET ASSETS INFORMATION BY DIVISION

December 31, 2003

	Water	Sewer	Elimination Adjustments	Combined
<b>ASSETS:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,188,435	\$ 1,170,805	\$ -0-	\$ 3,359,240
Investments	1,434,322	4,858,304	-0-	6,292,626
Accounts receivable - trade	1,266,380	1,053,780	-0-	2,320,160
Other receivables	663,978	295,125	-0-	959,103
Special assessments receivable - current portion	287,225	247,947	-0-	535,172
Inventory	273,588	9,214	-0-	282,802
Prepaid expenses	<u>20,264</u>	<u>33,194</u>	-0-	<u>53,458</u>
<b>Total Current Assets</b>	<b>6,134,192</b>	<b>7,668,369</b>	<b>-0-</b>	<b>13,802,561</b>
<b>RESTRICTED ASSETS</b>				
Restricted for debt retirement:				
Cash and cash equivalents	20	33	-0-	53
Investments	<u>1,842,214</u>	<u>464,671</u>	-0-	<u>2,306,885</u>
<b>Total Restricted Assets</b>	<b>1,842,234</b>	<b>464,704</b>	<b>-0-</b>	<b>2,306,938</b>
<b>CAPITAL ASSETS</b>				
Sewer and water lines	42,044,046	67,191,223	-0-	109,235,269
Buildings, pumps and lift stations	2,911,975	5,507,443	-0-	8,419,418
Machinery and equipment	494,003	1,587,015	-0-	2,081,018
Vehicles	288,787	604,226	-0-	893,013
Furniture and fixtures	77,387	131,901	-0-	209,288
Computer equipment	172,445	294,090	-0-	466,535
Improvements-Oregon Waste Water Trtmt. Plant	<u>1,440,318</u>	<u>3,080,736</u>	-0-	<u>4,521,054</u>
Total depreciable capital assets	47,428,961	78,396,634	-0-	125,825,595
Accumulated depreciation and amortization	<u>( 16,428,177)</u>	<u>( 31,853,455)</u>	-0-	<u>( 48,281,632)</u>
Net depreciable capital assets	31,000,784	46,543,179	-0-	77,543,963
Land	42,083	158,495	-0-	200,578
Construction in progress	<u>1,765,425</u>	<u>2,206,643</u>	-0-	<u>3,972,068</u>
<b>Net Capital Assets</b>	<b>32,808,292</b>	<b>48,908,317</b>	<b>-0-</b>	<b>81,716,609</b>
<b>OTHER ASSETS</b>				
Special assessments receivable, less current portion	3,580,017	4,261,043	-0-	7,841,060
Reserve with County Commissioners	36,836	221,933	-0-	258,769
Deferred loan costs, net of accumulated amortization of \$14,133	65,670	13,669	-0-	79,339
Miscellaneous	<u>23,884</u>	<u>45,658</u>	-0-	<u>69,542</u>
<b>Total Other Assets</b>	<b>3,706,407</b>	<b>4,542,303</b>	<b>-0-</b>	<b>8,248,710</b>
<b>TOTAL ASSETS</b>	<b>44,491,125</b>	<b>61,583,693</b>	<b>-0-</b>	<b>106,074,818</b>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF NET ASSETS INFORMATION BY DIVISION, CONTINUED  
December 31, 2003

	Water	Sewer	Elimination Adjustments	Combined
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	\$ 2,430,079	\$ 1,049,260	\$ -0-	\$ 3,479,339
Current portion of long-term debt	682,875	488,115	-0-	1,170,990
Accounts payable - trade	243,641	284,316	-0-	527,957
Accounts payable - other	97,774	-0-	-0-	97,774
Compensated absences payable	45,608	99,499	-0-	145,107
Accrued payroll and payroll taxes	51,644	57,083	-0-	108,727
Accrued interest payable	228,506	232,674	-0-	461,180
Amounts due others	<u>134,281</u>	<u>303,736</u>	<u>-0-</u>	<u>438,017</u>
<b>Total Current Liabilities</b>	3,914,408	2,514,683	-0-	6,429,091
Long-term debt, less current portion	<u>9,858,176</u>	<u>10,570,294</u>	<u>-0-</u>	<u>20,428,470</u>
<b>TOTAL LIABILITIES</b>	<u>13,772,584</u>	<u>13,084,977</u>	<u>-0-</u>	<u>26,857,561</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	21,745,066	37,279,021	-0-	59,024,087
Restricted	1,842,234	464,704	-0-	2,306,938
Unrestricted	<u>7,131,241</u>	<u>10,754,991</u>	<u>-0-</u>	<u>17,886,232</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 30,718,541</u>	<u>\$ 48,498,716</u>	<u>\$ -0-</u>	<u>\$ 79,217,257</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF NET ASSETS INFORMATION BY DIVISION

December 31, 2002

	Water	Sewer	Elimination Adjustments	Combined
<b>ASSETS:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,796,635	\$ 876,106	\$ -0-	\$ 2,672,741
Investments	398,406	5,870,994	-0-	6,269,400
Accounts receivable - trade	811,098	993,979	-0-	1,805,077
Other receivables	2,980	-0-	-0-	2,980
Special assessments receivable - current portion	267,838	207,069	-0-	474,907
Inventory	180,691	9,455	-0-	190,146
Prepaid expenses	18,284	29,832	-0-	48,116
<b>Total Current Assets</b>	<u>3,475,932</u>	<u>7,987,435</u>	-0-	<u>11,463,367</u>
<b>RESTRICTED ASSETS</b>				
Restricted for debt retirement:				
Cash and cash equivalents	440,318	169,174	-0-	609,492
Investments	2,762,637	70,954	-0-	2,833,591
<b>Total Restricted Assets</b>	<u>3,202,955</u>	<u>240,128</u>	-0-	<u>3,443,083</u>
<b>CAPITAL ASSETS</b>				
Sewer and water lines	40,764,384	63,016,845	-0-	103,781,229
Buildings, pumps and lift stations	3,008,022	5,662,412	-0-	8,670,434
Machinery and equipment	387,542	1,479,989	-0-	1,867,531
Vehicles	288,787	582,461	-0-	871,248
Furniture and fixtures	16,261	30,352	-0-	46,613
Computer equipment	118,267	205,695	-0-	323,962
Improvements-Oregon Waste Water Trtmt. Plant	509,193	3,080,736	-0-	3,589,929
<b>Total depreciable capital assets</b>	45,092,456	74,058,490	-0-	119,150,946
Accumulated depreciation and amortization	( 15,593,056)	( 30,089,665)	-0-	( 45,682,721)
<b>Net depreciable capital assets</b>	29,499,400	43,968,825	-0-	73,468,225
Land	42,083	158,495	-0-	200,578
Construction in progress	365,322	2,572,121	-0-	2,937,443
<b>Net Capital Assets</b>	<u>29,906,805</u>	<u>46,699,441</u>	-0-	<u>76,606,246</u>
<b>OTHER ASSETS</b>				
Special assessments receivable, less current portion	3,404,620	2,570,814	-0-	5,975,434
Reserve with County Commissioners	36,836	221,933	-0-	258,769
Deferred loan costs, net of accumulated amortization of \$6,057	63,973	18,356	-0-	82,329
<b>Total Other Assets</b>	<u>3,505,429</u>	<u>2,811,103</u>	-0-	<u>6,316,532</u>
<b>TOTAL ASSETS</b>	40,091,121	57,738,107	-0-	97,829,228



NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF NET ASSETS INFORMATION BY DIVISION, CONTINUED  
December 31, 2002

	Water	Sewer	Elimination Adjustments	Combined
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	\$ 598,832	\$ 1,549,260	\$ -0-	\$ 2,148,092
Current portion of long-term debt	627,918	414,107	-0-	1,042,025
Accounts payable - trade	127,364	31,833	-0-	159,197
Accounts payable - other	82,640	-0-	-0-	82,640
Compensated absences payable	48,441	79,024	-0-	127,465
Accrued payroll and payroll taxes	36,025	57,297	-0-	93,322
Accrued interest payable	233,464	245,482	-0-	478,946
Amounts due others	<u>104,811</u>	<u>313,833</u>	<u>-0-</u>	<u>418,644</u>
<b>Total Current Liabilities</b>	1,859,495	2,690,836	-0-	4,550,331
Long-term debt, less current portion	<u>10,063,648</u>	<u>10,126,481</u>	<u>-0-</u>	<u>20,190,129</u>
<b>TOTAL LIABILITIES</b>	<u>11,923,143</u>	<u>12,817,317</u>	<u>-0-</u>	<u>24,740,460</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	21,883,335	34,868,077	-0-	56,751,412
Restricted	3,202,955	240,128	-0-	3,443,083
Unrestricted	<u>3,081,688</u>	<u>9,812,585</u>	<u>-0-</u>	<u>12,894,273</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 28,167,978</u>	<u>\$ 44,920,790</u>	<u>\$ -0-</u>	<u>\$ 73,088,768</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION BY DIVISION  
Year Ended December 31, 2003

	Water	Sewer	Elimination Adjustments	Combined
<b>OPERATING REVENUES</b>				
Utility revenue	\$ 1,977,300	\$ 2,626,460	\$ -0-	\$ 4,603,760
Fees and permits	244,012	132,897	-0-	376,909
Contract services	39,166	123,597	-0-	162,763
Other	<u>29,090</u>	<u>47,859</u>	<u>-0-</u>	<u>76,949</u>
<b>Total Operating Revenues</b>	<b>2,289,568</b>	<b>2,930,813</b>	<b>-0-</b>	<b>5,220,381</b>
<b>OPERATING EXPENSES</b>				
Depreciation and amortization	839,562	1,770,204	-0-	2,609,766
Labor	479,754	823,718	-0-	1,303,472
Employee benefits	183,524	294,562	-0-	478,086
Professional services	120,011	154,358	-0-	274,369
Purchased water and sewer treatment	558,713	70,164	-0-	628,877
Materials and supplies	158,696	247,774	-0-	406,470
Utilities	112,248	162,098	-0-	274,346
Rent	1,967	3,209	-0-	5,176
Other	<u>56,047</u>	<u>99,146</u>	<u>-0-</u>	<u>155,193</u>
<b>Total Operating Expenses</b>	<b><u>2,510,522</u></b>	<b><u>3,625,233</u></b>	<b><u>-0-</u></b>	<b><u>6,135,755</u></b>
<b>Operating Loss</b>	<b>( 220,954)</b>	<b>( 694,420)</b>	<b>-0-</b>	<b>( 915,374)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	304,945	334,772	-0-	639,717
Interest expense	( 565,017)	( 500,315)	-0-	( 1,065,332)
Other	<u>( 8,501)</u>	<u>( 63,189)</u>	<u>-0-</u>	<u>( 71,690)</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 268,573)</b>	<b>( 228,732)</b>	<b>-0-</b>	<b>( 497,305)</b>
Aid in construction	<u>3,040,090</u>	<u>4,501,078</u>	<u>-0-</u>	<u>7,541,168</u>
<b>CHANGE IN NET ASSETS</b>	<b>2,550,563</b>	<b>3,577,926</b>	<b>-0-</b>	<b>6,128,489</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>28,167,978</u></b>	<b><u>44,920,790</u></b>	<b><u>-0-</u></b>	<b><u>73,088,768</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 30,718,541</u></b>	<b><u>\$ 48,498,716</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 79,217,257</u></b>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION BY DIVISION  
Year Ended December 31, 2002

	Water	Sewer	Elimination Adjustments	Combined
<b>OPERATING REVENUES</b>				
Utility revenue	\$ 1,848,210	\$ 2,650,090	\$ -0-	\$ 4,498,300
Fees and permits	193,367	91,740	-0-	285,107
Contract services	21,059	78,463	-0-	99,522
Other	<u>26,157</u>	<u>43,366</u>	<u>-0-</u>	<u>69,523</u>
<b>Total Operating Revenue</b>	<b>2,088,793</b>	<b>2,863,659</b>	<b>-0-</b>	<b>4,952,452</b>
<b>OPERATING EXPENSES</b>				
Depreciation and amortization	842,693	1,501,058	-0-	2,343,751
Labor	392,709	638,513	-0-	1,031,222
Employee benefits	169,913	271,917	-0-	441,830
Professional services	150,837	285,411	-0-	436,248
Purchased water and sewer treatment	528,894	49,997	-0-	578,891
Materials and supplies	198,582	231,182	-0-	429,764
Utilities	111,029	142,801	-0-	253,830
Rent	9,574	15,622	-0-	25,196
Other	<u>55,858</u>	<u>85,581</u>	<u>-0-</u>	<u>141,439</u>
<b>Total Operating Expenses</b>	<b><u>2,460,089</u></b>	<b><u>3,222,082</u></b>	<b><u>-0-</u></b>	<b><u>5,682,171</u></b>
<b>Operating Loss</b>	<b>( 371,296)</b>	<b>( 358,423)</b>	<b>-0-</b>	<b>( 729,719)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	356,621	272,677	-0-	629,298
Interest expense	( 515,992)	( 390,102)	-0-	( 906,094)
Other	<u>19,252</u>	<u>( 3,665)</u>	<u>-0-</u>	<u>15,587</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 140,119)</b>	<b>( 121,090)</b>	<b>-0-</b>	<b>( 261,209)</b>
Aid in construction	<u>1,883,509</u>	<u>3,826,779</u>	<u>-0-</u>	<u>5,710,288</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,372,094</b>	<b>3,347,266</b>	<b>-0-</b>	<b>4,719,360</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>26,795,884</u></b>	<b><u>41,573,524</u></b>	<b><u>-0-</u></b>	<b><u>68,369,408</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 28,167,978</u></b>	<b><u>\$ 44,920,790</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 73,088,768</u></b>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF CASH FLOWS INFORMATION BY DIVISION  
Year Ended December 31, 2003

	Water	Sewer	Elimination Adjustments	Combined
<b>CASH FLOWS FROM OPERATIONS</b>				
Cash received from customers	\$ 2,312,266	\$ 2,871,012	\$ -0-	\$ 5,183,278
Cash payments to suppliers for goods and services	(985,777)	(543,140)	-0-	(1,528,917)
Cash payments to employees for services	<u>(650,492)</u>	<u>(1,098,019)</u>	<u>-0-</u>	<u>(1,748,511)</u>
NET CASH PROVIDED BY OPERATIONS	675,997	1,229,853	-0-	1,905,850
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Aid in construction	451,262	211,143	-0-	662,405
Proceeds from capital grant	-0-	369,500	-0-	369,500
System development fees	418,955	812,808	-0-	1,231,763
Acquisition and construction of capital assets	(3,168,505)	(3,100,466)	-0-	(6,268,971)
Proceeds from issuance of short-term notes	2,430,079	-0-	-0-	2,430,079
Proceeds from issuance of long-term debt	1,479,473	2,913,508	-0-	4,392,981
Repayment of short-term notes	(598,832)	(500,000)	-0-	(1,098,832)
Repayment of long-term debt	(1,629,988)	(2,395,687)	-0-	(4,025,675)
Collections on special assessments	266,951	207,466	-0-	474,417
Increase in capital asset payable	15,134	-0-	-0-	15,134
Interest paid	<u>(569,975)</u>	<u>(513,123)</u>	<u>-0-</u>	<u>(1,083,098)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(905,446)	(1,994,851)	-0-	(2,900,297)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	304,945	334,772	-0-	639,717
Proceeds on sale of investments	3,341,932	9,496,348	-0-	12,838,280
Purchases of investments	<u>(3,465,926)</u>	<u>(8,940,564)</u>	<u>-0-</u>	<u>(12,406,490)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>180,951</u>	<u>890,556</u>	<u>-0-</u>	<u>1,071,507</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,498)	125,558	-0-	77,060
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,236,953</u>	<u>1,045,280</u>	<u>-0-</u>	<u>3,282,233</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,188,455</u>	<u>\$ 1,170,838</u>	<u>\$ -0-</u>	<u>\$ 3,359,293</u>
Restricted cash	\$ 20	\$ 33	\$ -0-	\$ 53
Unrestricted cash	<u>\$ 2,188,435</u>	<u>\$ 1,170,805</u>	<u>\$ -0-</u>	<u>\$ 3,359,240</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF CASH FLOWS INFORMATION BY DIVISION, CONTINUED  
Year Ended December 31, 2003

	Water	Sewer	Elimination Adjustments	Combined
<b>CASH FLOWS FROM OPERATIONS</b>				
Operating loss	\$ (220,954)	\$ (694,420)	\$ -0-	\$ (915,374)
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	839,562	1,770,204	-0-	2,609,766
Changes in operating assets and liabilities that increase (decrease) cash flows:				
Accounts receivable	22,698	(59,801)	-0-	(37,103)
Inventory	(92,897)	241	-0-	(92,656)
Other	(33,778)	(28,543)	-0-	(62,321)
Accounts payable	116,277	252,483	-0-	368,760
Accrued payroll and related taxes	15,619	(214)	-0-	15,405
Amounts due others	29,470	(10,097)	-0-	19,373
Total adjustments	<u>896,951</u>	<u>1,924,273</u>	<u>-0-</u>	<u>2,821,224</u>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>\$ 675,997</u>	<u>\$ 1,229,853</u>	<u>\$ -0-</u>	<u>\$ 1,905,850</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF CASH FLOWS INFORMATION BY DIVISION  
Year Ended December 31, 2002

	Water	Sewer	Elimination Adjustments	Combined
<b>CASH FLOWS FROM OPERATIONS</b>				
Cash received from customers	\$ 2,017,574	\$ 3,550,558	\$ (175,000)	\$ 5,393,132
Cash payments to suppliers for goods and services	(1,780,676)	(636,493)	-0-	(2,417,169)
Cash payments to employers for services	<u>(547,583)</u>	<u>(886,642)</u>	<u>-0-</u>	<u>(1,434,225)</u>
NET CASH PROVIDED (USED) BY OPERATIONS	(310,685)	2,027,423	(175,000)	1,541,738
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Aid in construction	915,620	707,683	-0-	1,623,303
Proceeds from capital grant	-0-	156,041	-0-	156,041
System development fees	359,848	571,649	-0-	931,497
Acquisition and construction of capital assets	(1,780,512)	(3,944,874)	-0-	(5,725,386)
Proceeds from issuance of short-term notes	598,832	1,549,260	-0-	2,148,092
Proceeds from issuance of long-term debt	4,539,769	4,876,580	-0-	9,416,349
Repayment of short-term notes	(175,000)	(2,965,000)	175,000	(2,965,000)
Repayment of long-term debt	(614,877)	(1,306,923)	-0-	(1,921,800)
Collections on special assessments	269,076	108,634	-0-	377,710
Increase in capital asset payable	82,640	-0-	-0-	82,640
Interest paid	<u>(465,376)</u>	<u>(285,253)</u>	<u>-0-</u>	<u>(750,629)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	3,730,020	(532,203)	175,000	3,372,817
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	356,621	272,677	-0-	629,298
Proceeds on sale of investments	1,446,360	5,497,391	-0-	6,943,751
Purchases of investments	<u>(3,338,882)</u>	<u>(6,510,874)</u>	<u>-0-</u>	<u>(9,849,756)</u>
NET CASH USED BY INVESTING ACTIVITIES	(1,535,901)	(740,806)	-0-	(2,276,707)
INCREASE IN CASH AND CASH EQUIVALENTS	1,883,434	754,414	-0-	2,637,848
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>353,519</u>	<u>290,866</u>	<u>-0-</u>	<u>644,385</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,236,953</u>	<u>\$ 1,045,280</u>	<u>\$ -0-</u>	<u>\$ 3,282,233</u>
Restricted cash	\$ 440,318	\$ 169,174	\$ -0-	\$ 609,492
Unrestricted cash	<u>\$ 1,796,635</u>	<u>\$ 876,106</u>	<u>\$ -0-</u>	<u>\$ 2,672,741</u>

NORTHWESTERN WATER AND SEWER DISTRICT  
SCHEDULE OF CASH FLOWS INFORMATION BY DIVISION, CONTINUED  
Year Ended December 31, 2002

	Water	Sewer	Elimination Adjustments	Combined
<b>CASH FLOWS FROM OPERATIONS</b>				
Operating loss	\$ (371,296)	\$ (358,423)	\$ -0-	\$ (729,719)
Adjustments to reconcile to net cash provided (used) by operating activities:				
Depreciation and amortization	842,693	1,501,058	-0-	2,343,751
Changes in operating assets and liabilities that increase (decrease) cash flows:				
Accounts receivable	(71,219)	686,899	(175,000)	440,680
Inventory	(23,295)	-0-	-0-	(23,295)
Other	(55,903)	31,544	-0-	(24,359)
Accounts payable	(717,110)	(53,214)	-0-	(770,324)
Accrued payroll and payroll taxes	6,198	9,464	-0-	15,662
Amounts due others	79,247	210,095	-0-	289,342
Total adjustments	<u>60,611</u>	<u>2,385,846</u>	<u>(175,000)</u>	<u>2,271,457</u>
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<u>\$ (310,685)</u>	<u>\$ 2,027,423</u>	<u>\$ (175,000)</u>	<u>\$ 1,541,738</u>

**NORTHWESTERN WATER AND SEWER DISTRICT  
SEWER USER RATES  
RATE HISTORY - LAST TEN YEARS**

		<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Minimum Charge					
(Includes no consumption)	Per Month	\$ 7.01	\$ 7.01	\$ 7.01	\$ 7.01
	Per Quarter	14.03	14.03	14.03	14.03
Volume Charges					
Collection System Service					
Per 1000 cubic feet (cf) of water consumption or measured sewer consumption for commercial and industrial customers and per 1000 cf of winter average water consumption for residential users					
		\$ 8.10	\$ 8.10	\$ 8.10	\$ 8.10
Collection and Treatment Service					
Per 1000 cf of water consumption or measured sewer consumption for residential users and per users and per 1000 cf residential users					
		\$18.40	\$18.40	\$18.40	\$18.40
Per residential customers where water consumption is not measured					
(Includes minimum monthly charge)	Per Month	\$20.45	\$20.45	\$20.45	\$20.45

Source: District accounting records



<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 7.36 14.73	\$ 7.36 14.73	\$ 7.36 14.73	\$ 7.73 15.47	\$ 8.11 16.24	\$ 8.52 17.05
\$ 8.51	\$ 8.51	\$ 8.51	\$ 8.94	\$ 9.38	\$ 9.85
\$19.32	\$19.32	\$19.32	\$20.29	\$21.30	\$22.37
\$21.47	\$21.47	\$21.47	\$22.54	\$23.67	\$24.85

**NORTHWESTERN WATER AND SEWER DISTRICT  
WATER USER RATES  
RATE HISTORY - LAST TEN YEARS**

		<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Minimum Charge - 5/8" Meter (Includes no consumption)	Per Month	\$ 3.90	\$ 3.90	\$ 3.90	\$ 3.90
	Per Quarter	7.80	7.80	7.80	7.80
Volume Charges					
Collection System Service					
Per 1000 cubic feet (cf) of water consumption		\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70

Source: District accounting records

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 4.10 8.20	\$ 4.10 8.20	\$ 4.10 8.20	\$ 4.59 9.18	\$ 5.14 10.28	\$ 5.76 11.52
\$ 2.84	\$ 2.84	\$ 2.84	\$ 3.18	\$ 3.56	\$ 3.99

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

<u>Year</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/gal.)</u>	<u>Total Annual Consumption (000's/gal.)</u>
1994	8,377	2,764	1,008,790
1995	8,861	3,425	1,250,181
1996	8,992	3,500	1,277,517
1997	9,220	3,302	1,205,113
1998	9,474	3,555	1,297,606
1999	9,799	3,786	1,381,954
2000	9,769	3,701	1,350,954
2001	10,091	3,816	1,392,858
2002	10,664	3,889	1,419,634
2003	10,877	4,006	1,462,223

Source: District accounting records

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

<u>Year</u>	<u>Average Number of Customers</u>	<u>Average Day (000's/gal.)</u>	<u>Total Annual Consumption (000's/gal.)</u>
1994	5,848	4,141	1,511,526
1995	7,089	4,304	1,571,041
1996	7,201	4,368	1,594,207
1997	7,447	4,140	1,510,943
1998	7,664	4,667	1,703,334
1999	7,806	4,461	1,628,170
2000	7,978	4,206	1,535,324
2001	8,170	4,116	1,502,246
2002	8,449	3,979	1,452,430
2003	8,618	4,059	1,481,478

Source: District accounting records

NORTHWESTERN WATER AND SEWER DISTRICT  
 TEN LARGEST SEWER CUSTOMERS  
 YEAR ENDED DECEMBER 31, 2003

<u>Customer</u>	<u>Total Billed Consumption (000's/gal.)</u>	<u>Billed Charges</u>	<u>% of Total Sewer Utility Revenue</u>
1. Daimler Chrysler	80,335	\$100,671	3.83%
2. Prefinished Metals	68,412	85,986	3.27%
3. Friendly Village I and II MHP	43,099	54,260	2.07%
4. Alpha Tube	42,232	53,018	2.02%
5. Walnut Hills Mobile Home Park	33,366	41,755	1.59%
6. Conrail	28,355	35,595	1.36%
7. Norplas	21,415	24,402	0.93%
8. Perry Lake Village Apartments	18,447	23,891	0.91%
9. Holiday Inn Perrysburg Township	15,267	19,298	0.73%
10. Eastpointe on the Mall Apartments	<u>14,530</u>	<u>17,097</u>	<u>0.65%</u>
Total	365,458	\$455,973	17.36%

Source: District accounting records

NORTHWESTERN WATER AND SEWER DISTRICT  
 TEN LARGEST WATER CUSTOMERS  
 YEAR ENDED DECEMBER 31, 2003

<u>Customer</u>	<u>Total Billed Consumption (000's/gal.)</u>	<u>Total Billed</u>	<u>% of Total Water Utility Revenue</u>
1. Hunt Wesson	155,434	\$ 76,331	3.86%
2. Daimler Chrysler	93,762	48,054	2.43%
3. Prefinished Metals	83,103	40,744	2.06%
4. Friendly Village I and II MHP	43,099	24,306	1.23%
5. Alpha Tube	42,232	20,924	1.06%
6. Commercial Aluminum Cookware	34,341	17,011	0.86%
7. Walnut Hills Mobile Home Park	33,436	16,535	0.84%
8. Perry Lake Village Apts.	18,447	10,113	0.51%
9. Conrail	17,234	8,456	0.43%
10. Holiday Inn, Perrysburg	<u>15,267</u>	<u>8,271</u>	<u>0.41%</u>
Total	536,355	\$270,745	13.69%

Source: District accounting records

**NORTHWESTERN WATER AND SEWER DISTRICT  
SUMMARY OF HISTORICAL SEWER FINANCIAL INFORMATION  
LAST TEN YEARS**

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Operating Revenues	\$2,041,362	\$2,077,258	\$2,287,884	\$2,018,430
Nonoperating Revenues (1)	<u>95,006</u>	<u>149,133</u>	<u>206,493</u>	<u>165,325</u>
Total Revenues	2,136,368	2,226,391	2,494,377	2,183,755
Operating Expenses (Exclusive of depreciation)	1,167,721	1,366,531	1,396,706	1,377,252
System Development Fees (1)	<u>239,230</u>	<u>198,206</u>	<u>372,108</u>	<u>368,057</u>
Net Revenues Available for Debt Service	\$1,207,877	\$1,058,066	\$1,469,779	\$1,174,560
Total Revenue Based Bond Debt Service	\$702,000	\$627,000	\$604,000	\$607,000
Coverage on Revenue Based Bond Debt Service	1.72	1.69	2.43	1.94
Total All Debt Service (2)	\$702,000	\$627,000	\$604,000	\$607,000
Coverage on All Bond Debt Service	1.72	1.69	2.43	1.94

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(1) System Development Fees are accounted for on the balance sheet as contributed capital through 2001. Beginning with 2002, GASB 33 requires System Development Fees be shown on the operating statement as non operating revenues.

(2) Non revenue based debt consists of debt supported by special assessments levied against property and billed and collected by the Wood County Auditor on behalf of the District.

Source: District accounting records



<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$2,220,444	\$2,421,106	\$2,417,500	\$2,500,093	\$2,863,659	\$2,930,813
<u>220,419</u>	<u>228,276</u>	<u>362,960</u>	<u>305,337</u>	<u>844,326</u>	<u>1,147,580</u>
2,440,863	2,649,382	2,780,460	2,805,430	3,707,985	4,078,393
1,467,582	1,462,936	1,710,934	1,660,503	1,721,024	1,859,716
<u>320,056</u>	<u>444,287</u>	<u>327,063</u>	<u>504,446</u>	<u>0</u>	<u>0</u>
\$1,293,337	\$1,630,733	\$1,396,589	\$1,649,373	\$1,986,961	2,218,677
\$790,991	\$751,454	\$729,978	\$625,344	\$613,245	\$551,326
1.64	2.17	1.91	2.64	3.24	4.02
\$790,991	\$767,122	\$803,435	\$817,890	\$757,994	\$873,190
1.64	2.13	1.74	2.02	2.62	2.54

**NORTHWESTERN WATER AND SEWER DISTRICT  
SUMMARY OF HISTORICAL WATER FINANCIAL INFORMATION  
LAST TEN YEARS**

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Operating Revenues	\$1,262,093	\$2,071,803	\$1,906,346	\$1,373,316
Nonoperating Revenues (1)	<u>98,528</u>	<u>75,412</u>	<u>349,402</u>	<u>358,922</u>
Total Revenues	1,360,621	2,147,215	2,255,748	1,732,238
Operating Expenses (Exclusive of depreciation)	907,383	1,853,432	1,299,298	1,342,196
System Development Fees (1)	<u>63,100</u>	<u>58,804</u>	<u>86,439</u>	<u>119,316</u>
Net Revenues Available for Debt Service	\$516,338	\$352,587	\$1,042,889	\$509,358
Total Revenue Based Bond Debt Service	\$69,548	\$131,195	\$285,291	\$193,603
Coverage on Revenue Based Bond Debt Service	7.42	2.69	3.66	2.63
Total All Debt Service (2)	\$69,548	\$131,195	\$449,000	\$558,000
Coverage on All Bond Debt Service	7.42	2.69	2.32	.91

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(1) System Development Fees are accounted for on the balance sheet as contributed capital through 2001. Beginning with 2002, GASB 33 requires System Development Fees be shown on the operating statement as non operating revenues.

(2) Non revenue based debt consists of debt supported by special assessments levied against property and billed and collected by the Wood County Auditor on behalf of the District.

Source: District accounting records

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$1,885,292	\$1,876,661	\$1,741,035	\$1,868,412	\$2,088,793	\$2,289,568
<u>363,317</u>	<u>353,921</u>	<u>396,695</u>	<u>363,547</u>	<u>716,471</u>	<u>723,900</u>
2,248,609	2,230,582	2,137,730	2,231,959	2,805,264	3,013,468
1,529,192	1,673,940	1,586,484	1,658,817	1,617,396	1,674,344
<u>208,018</u>	<u>205,801</u>	<u>201,250</u>	<u>312,872</u>	<u>0</u>	<u>0</u>
\$927,435	\$762,443	\$752,496	\$886,014	\$1,187,868	1,339,124
\$433,185	\$283,627	\$251,314	\$236,540	\$531,010	\$531,299
2.14	2.69	2.99	3.75	2.24	2.52
\$790,909	\$645,045	\$666,462	\$698,329	\$991,445	\$1,081,276
1.17	1.18	1.13	1.27	1.20	1.24

**NORTHWESTERN WATER AND SEWER DISTRICT  
SEWER DEBT BY TOTAL DEBT SERVICE  
AS OF DECEMBER 31, 2003**

Year	Revenue		Special Assessment Debt		Totals	% of Debt Service Remaining
	OWDA	Bonds & Notes	Bonds & Notes	OPWC Loans		
2004	\$369,684	\$436,689	\$1,348,012	\$25,285	\$2,179,670	88.16%
2005	369,684	569,596	298,974	25,285	1,263,539	81.30%
2006	377,297	417,831	298,831	25,284	1,119,243	75.23%
2007	384,910	210,630	304,135	25,285	924,960	70.20%
2008	384,910	147,323	298,646	25,285	856,164	65.55%
2009	384,910	147,106	303,400	25,284	860,700	60.88%
2010	384,910	147,106	301,104	25,285	858,405	56.22%
2011	384,910	147,106	297,354	25,284	854,654	51.58%
2012	384,908	147,304	285,548	25,284	843,044	47.00%
2013	384,908	147,106	293,622	25,285	850,921	42.38%
2014	384,908	129,808	289,852	25,285	829,853	37.87%
2015	305,812	129,807	284,457	25,284	745,360	33.83%
2016	305,812	129,983	282,513	25,285	743,593	29.79%
2017	305,812	129,808	285,440	25,285	746,345	25.73%
2018	305,812	129,808	281,908	25,284	742,812	21.70%
2019	305,812	129,807	279,463	25,285	740,367	17.68%
2020	305,812	129,955	247,125	0	682,892	13.97%
2021	37,313	129,808	237,240	0	404,361	11.78%
2022-2026	0	649,152	372,278	0	1,021,430	6.23%
2027-2031	0	649,113	80,792	0	729,905	2.27%
2032-2038	<u>0</u>	<u>304,343</u>	<u>113,162</u>	<u>0</u>	<u>417,505</u>	0.00%
Totals	\$6,068,124	\$5,159,189	\$6,783,856	\$404,554	\$18,415,723	

Source: District accounting records

**NORTHWESTERN WATER AND SEWER DISTRICT  
WATER DEBT BY TOTAL DEBT SERVICE  
AS OF DECEMBER 31, 2003**

Year	OWDA	Revenue Debt Bonds	Special Assessment Bonds & Notes	Totals	% of Debt Service Remaining
2004	\$606,215	\$384,741	\$2,574,332	\$3,565,288	80.75%
2005	606,215	386,620	110,597	1,103,432	74.78%
2006	612,832	385,185	102,199	1,100,216	68.84%
2007	619,448	357,985	106,027	1,083,460	62.99%
2008	619,448	351,098	102,507	1,073,053	57.19%
2009	619,448	343,585	98,731	1,061,764	51.46%
2010	619,448	335,845	101,099	1,056,392	45.75%
2011	619,448	327,835	94,240	1,041,523	40.12%
2012	619,448	284,766	90,187	994,401	34.75%
2013	619,448	277,903	90,540	987,891	29.42%
2014	619,448	265,290	88,565	973,303	24.16%
2015	619,448	257,940	91,512	968,900	18.93%
2016	372,801	250,698	89,877	713,376	15.07%
2017	126,154	228,240	73,675	428,069	12.76%
2018	126,154	221,677	73,733	421,564	10.48%
2019	126,154	215,115	52,139	393,408	8.36%
2020	126,154	208,643	35,770	370,567	6.36%
2021	32,426	201,990	34,025	268,441	4.91%
2022-2026	0	352,206	62,236	414,442	2.67%
2027-2031	0	352,182	0	352,182	0.76%
2032-2033	0	140,871	0	140,871	0.00%
Totals	\$8,310,137	\$6,130,415	\$4,071,991	\$18,512,543	

Source: District accounting records

**NORTHWESTERN WATER AND SEWER DISTRICT  
SEWER REVENUES BY TYPE  
LAST TEN YEARS**

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<u>Operating Revenues</u>				
Utility Revenue	\$1,912,773	\$1,869,656	\$2,044,386	\$1,842,239
Fees and Permits	82,116	109,838	89,846	91,237
Contract Services	36,193	44,580	41,965	44,543
Other Operating Revenues	<u>10,280</u>	<u>53,184</u>	<u>111,687</u>	<u>40,411</u>
Total Operating Revenues	2,041,362	2,077,258	2,287,884	2,018,430
Interest Income	95,006	149,133	206,493	165,325
Aid In Construction (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$2,136,368	\$2,226,391	\$2,494,377	\$2,183,755

(1) System Development Fees are accounted for on the balance sheet as contributed capital through 2001. Beginning with 2002, GASB 33 requires System Development Fees be shown on the operating statement as non operating revenues.

Source: District accounting records

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$2,072,804	\$2,285,951	\$2,227,816	\$2,342,220	\$2,650,090	\$2,626,460
88,217	73,059	80,942	60,363	91,740	132,897
41,691	54,814	90,312	87,641	78,463	123,597
<u>17,732</u>	<u>7,282</u>	<u>18,430</u>	<u>9,869</u>	<u>43,366</u>	<u>47,859</u>
2,220,444	2,421,106	2,417,500	2,500,093	2,863,659	2,930,813
220,419	228,276	362,960	305,337	272,677	334,772
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,826,779</u>	<u>4,501,078</u>
\$2,240,863	\$2,649,382	\$2,780,460	\$2,805,430	\$6,963,115	\$7,766,663

**NORTHWESTERN WATER AND SEWER DISTRICT  
WATER REVENUES BY TYPE  
LAST TEN YEARS**

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<u>Operating Revenues</u>				
Utility Revenue	\$1,062,210	\$1,049,311	\$1,414,596	\$1,255,200
Fees and Permits	181,594	995,621	151,323	96,158
Contract Services	2,690	9,015	2,348	2,626
Other Operating Revenues	<u>15,599</u>	<u>17,856</u>	<u>338,079</u>	<u>19,332</u>
Total Operating Revenues	1,262,093	2,071,803	1,906,346	1,373,316
Interest Income	98,528	75,412	349,402	358,922
Aid In Construction (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$1,360,621	\$2,147,215	\$2,255,748	\$1,732,238

(1) System Development Fees are accounted for on the balance sheet as contributed capital through 2001. Beginning with 2002, GASB 33 requires System Development Fees be shown on the operating statement as non operating revenues.

Source: District accounting records



<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$1,555,070	\$1,656,098	\$1,569,513	\$1,686,081	\$1,848,210	\$1,977,300
201,617	149,003	119,933	113,600	193,367	244,012
2,214	1,750	28,231	24,104	21,059	39,166
<u>126,391</u>	<u>69,810</u>	<u>23,358</u>	<u>62,971</u>	<u>45,409</u>	<u>29,090</u>
1,885,292	1,876,661	1,741,035	1,886,756	2,108,045	2,289,568
363,317	353,921	396,695	363,547	356,621	304,945
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,883,509</u>	<u>3,040,090</u>
\$2,248,609	\$2,230,582	\$2,137,730	\$2,250,303	\$4,348,175	\$5,634,603

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Salaries and Wages	\$ 454,557	\$ 530,270	\$ 571,303	\$ 606,063
Benefits	142,279	173,087	188,907	178,921
Professional Services	204,160	268,867	266,805	221,151
Materials and Repairs	134,533	165,383	148,147	155,402
Utilities	135,316	177,836	126,425	139,359
Depreciation and Amortization	1,092,859	1,422,577	1,407,678	1,444,951
Other Expenses	<u>96,876</u>	<u>51,088</u>	<u>95,119</u>	<u>76,356</u>
Total Operating Expenses	\$2,260,580	\$2,789,108	\$2,804,384	\$2,822,203

Source: District accounting records

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 621,029	\$ 567,567	\$ 621,345	\$ 632,814	\$ 638,513	\$ 823,718
221,791	213,404	217,108	243,299	271,917	294,562
263,827	278,638	405,642	312,339	335,408	224,522
223,417	229,131	225,191	238,137	231,182	247,774
124,837	116,658	134,868	141,835	142,801	162,098
1,414,087	1,443,385	1,393,015	1,437,583	1,501,058	1,770,204
<u>12,681</u>	<u>57,544</u>	<u>106,780</u>	<u>174,405</u>	<u>101,203</u>	<u>102,355</u>
\$2,881,669	\$2,906,327	\$3,103,949	\$3,180,412	\$3,222,082	\$3,625,233

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Salaries and Wages	\$ 293,059	\$ 358,891	\$ 350,449	\$ 348,238
Benefits	85,692	134,199	125,774	102,271
Professional Services	91,236	203,620	203,608	143,753
Purchased Water	67,881	174,748	329,002	336,285
Materials and Repairs	219,116	791,607	117,361	235,866
Utilities	89,747	94,466	107,336	124,395
Depreciation and Amortization	462,436	568,874	681,974	704,259
Other Expenses	<u>60,652</u>	<u>95,901</u>	<u>65,768</u>	<u>51,388</u>
Total Operating Expenses	\$1,369,819	\$2,422,306	\$1,981,272	\$2,046,455

Source: District accounting records

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 354,317	\$ 331,414	\$ 383,769	\$ 397,605	\$ 392,709	\$ 479,754
142,029	134,123	133,250	149,828	169,913	183,524
182,664	242,332	193,302	107,408	150,837	120,011
441,945	466,755	495,316	599,660	528,894	558,713
236,454	320,647	244,258	226,296	198,582	158,696
123,449	139,548	85,449	119,404	111,029	112,248
724,327	769,470	764,849	793,319	842,693	839,562
<u>48,333</u>	<u>39,121</u>	<u>51,140</u>	<u>58,618</u>	<u>65,432</u>	<u>58,014</u>
\$2,253,518	\$2,443,410	\$2,351,333	\$2,452,138	\$2,460,089	\$2,510,522

**NORTHWESTERN WATER AND SEWER DISTRICT  
WOOD COUNTY POPULATION IN INCORPORATED AREAS**

Wood County, formed in 1820, is located in northwestern Ohio, almost directly south of Toledo, and covers an area of 619 square miles. The County is comprised of 19 townships, 5 cities and 21 villages, and the County seat is Bowling Green, Ohio. According to the 2000 Census, the population of Wood County is 121,065. Bowling Green is the largest subdivision with a population of 29,636. The northern part of the County is largely industrial; the remainder is primarily agricultural except for industry located in various cities and villages.

(1990 census and 2000 census)

	<u>1990</u>	<u>2000</u>
Bairdstown	130	130
Bloomdale	632	724
Bowling Green	28,176	29,636
Bradner	1,093	1,171
Custar	209	208
Cygnets	560	564
Fostoria*	659	842
Grand Rapids	955	1,002
Haskins	549	638
Hoytville	301	296
Jerry City	517	453
Luckey	848	998
Millbury	1,081	1,161
Milton Center	200	195
North Baltimore	3,139	3,361
Northwood	5,506	5,471
Pemberville	1,279	1,365
Perrysburg	12,551	16,945
Portage	469	428
Risingsun	659	620
Rossford	5,861	6,406
Tontogany	364	364
Walbridge	2,736	2,546
Wayne	803	842
West Millgrove	171	78
Weston	<u>1,716</u>	<u>1,679</u>
	73,154	80,123
Population in unincorporated areas	42,105	42,942
Total County population	113,269	121,065

\*only that portion of Fostoria in Wood County

Source: U.S. Census Bureau

NORTHWESTERN WATER AND SEWER DISTRICT  
NONAGRICULTURAL EMPLOYMENT  
TOLEDO PRIMARY METROPOLITAN STATISTICAL AREA  
(includes the County)  
AT DECEMBER 31, 2003

	<u>Employment</u>
Goods-Producing Industries	64,100
Natural Resources, Mining and Construction	13,500
Construction	13,300
Manufacturing	50,600
Durable Goods	36,600
Transportation Equipment	16,000
Nondurable Goods	14,000
Service-Providing Industries	247,800
Trade, Transportation and Utilities	62,200
Information	4,600
Financial Activities	12,400
Professional and Business Services	31,200
Educational and Health Services	43,800
Leisure and Hospitality	28,700
Other Services	13,700
Government	51,200

Source: Ohio Bureau of Employment Services, Labor Market Review

NORTHWESTERN WATER AND SEWER DISTRICT  
TEN LARGEST EMPLOYERS IN WOOD COUNTY  
AT DECEMBER 31, 2003

<u>Employer</u>	<u>Number of Employees</u>
1. Bowling Green State University	5,361
2. Daimler-Chrysler	1,800
3. Owens Community College	1,700
4. Cooper Standard Automotive	1,134
5. Wood County	1,132
6. Great Lakes Window	650
7. Rudolph-Libbe Companies	650
8. NFO Market Research	625
9. Wood County Hospital	610
10. Norplas Industries	600

Source: Wood County Economic Development Commission



**NORTHWESTERN WATER AND SEWER DISTRICT  
EMPLOYMENT STATISTICS  
WOOD COUNTY  
AT DECEMBER 31**

The following table lists the unemployment rates for the United States, the State of Ohio, and Wood County for the past five years. The figures are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

<u>Year</u>	<u>United States</u>	<u>State of Ohio</u>	<u>County</u>
1998	4.5%	4.3%	3.3%
1999	4.2	4.3	3.5
2000	4.0	4.1	3.2
2001	4.7	4.4	3.8
2002	5.8	5.7	4.8
2003	6.0	6.1	5.4

The chart below provides employment data for Wood County for the last five years.

Labor Force Statistics - Wood County

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
1998	65,500	63,300	2,200	3.3%
1999	67,100	64,700	2,300	3.5
2000	67,700	65,500	2,200	3.2
2001	69,500	66,900	2,600	3.8
2002	68,700	65,800	3,300	4.8
2003	68,000	64,300	3,600	5.4

Source: Ohio Bureau of Employment Services  
Figures are not seasonally adjusted

**NORTHWESTERN WATER AND SEWER DISTRICT  
INCOME AND HOUSING DATA**

The following shows the Median Household, Per Capita Income and Median Value of Owner-Occupied Housing Units for 1990 and 2000 for Wood County in comparison to the State of Ohio and the United States:

	<u>Wood County</u>	<u>State of Ohio</u>	<u>United States</u>
1990 Median Household Income	\$31,197	\$28,706	\$30,056
1990 Per Capita Income	13,853	13,461	14,420
1990 Median Home Value	72,200	63,500	79,100
2000 Median Household Income	44,442	40,956	42,148
2000 Per Capita Income	21,284	21,003	21,893
2000 Median Home Value	120,000	103,700	120,496

Source: U.S. Census Bureau

NORTHWESTERN WATER AND SEWER DISTRICT  
BANKING  
AT DECEMBER 31

The following table presents the Bank Deposits of commercial banks headquartered in the County for the last five years:

<u>Year</u>	<u>Number of Banks</u>	<u>Deposits</u>
1999	3	\$194,102,000
2000	3	203,854,000
2001	2	137,413,000
2002	2	144,046,000
2003	2	135,302,000

Source: Federal Reserve Bank of Cleveland

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**Auditor of State  
Betty Montgomery**

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**NORTHWESTERN WATER AND SEWER DISTRICT**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 20, 2004**