

**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2011-2010**



**Dave Yost • Auditor of State**



**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1
Schedule of Findings.....	3

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# Dave Yost • Auditor of State

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

Atwood Regional Water and Sewer District  
Tuscarawas County  
PO Box 100  
Dellroy, Ohio 44620

To the Board of Trustees:

We have audited the financial statements the business-type activities of Atwood Regional Water and Sewer District, Tuscarawas County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2011-001 described in the accompanying Schedule of Findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 1, 2012.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

June 1, 2012

**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Financial Reporting**

<i>Finding Number</i>	2011-001
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**MATERIAL WEAKNESS**

As a result of audit procedures performed, errors were noted in the District's 2011 financial statements that required audit adjustments and reclassifications as follows:

- The District did not report \$180,629 in intergovernmental revenue received;
- The District reported \$153,209 more in construction in progress than what was supported by District records;
- The District reported \$216,905 more in non current loans payable that was actually due;
- The invested in capital assets, net of related debt equity balance was over stated by \$1,376,208, in total, due to various reporting errors;
- The unrestricted net assets equity balance was under stated by \$1,224,805, in total, due to various reporting errors.

As a result of audit procedures performed, errors were noted in the District's 2010 financial statements that required audit adjustments and reclassifications as follows:

- The District did not report \$19,370 in intergovernmental revenue received;
- The District sold land for \$140,260 in 2010. When the District removed the value of the land, \$78,856, from capital assets, the revenue received was not reduced which is necessary in order to properly reflect the gain (revenue less net cost value of the asset) on the sale of land;
- As a result of not reporting intergovernmental revenue and not properly reporting the land sale, equity was misstated by \$59,486. The District adjusted capital assets - construction in progress and equity balances by \$59,486 in order to match income statement equity to statement of net assets equity. However, these increases were unsupported;
- The invested in capital assets, net of related debt equity balance was over stated by \$1,003,206, in total, due to various reporting errors;
- The unrestricted net assets equity balance was under stated by \$941,721, in total, due to various reporting errors.

**Finding Number 2011-001 (Continued)**

Sound financial reporting is the responsibility of the Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions. The financial statements have been adjusted accordingly.

**Official's Response:** The District concurs with the audit finding.

At the onset of this audit, the District Superintendent and Treasurer informed the Audit Manager of several financial statement issues. There were specific questions about the Net Asset balance for each fiscal year. The Audit Manager agreed to examine these items of concern and offered to provide consultant services in the resolution of the issues. The audit team quickly identified the two items causing most of the difficulty. A sale of land that occurred in December of 2010 was not properly classified for net income from the sale, and the Ohio Public Works Commission (OPWC) grant received both years 2010 and 2011 was not properly classified as intergovernmental revenue.

The consultant services by the audit staff provided the District officials with the explanations and procedures for the proper accounting treatment of these two extraordinary transactions. The OPWC grant was the first grant received since 1980. The land sale is only the second such transaction since the District was organized in 1970.



# *ATWOOD REGIONAL WATER AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

PROPRIETARY ENTERPRISE - OPERATING FUND  
For the Year Ended December 31, 2011



ARWSD

Prepared by:

Larry Lloyd  
Superintendent

Vicki Winkler  
Secretary-Treasurer

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ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio

Comprehensive Annual Financial Report  
For the Year Ending December 31, 2011

**TABLE OF**  
**CONTENTS**

	Page
Table of Contents	I
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organization Chart	5
Administrative Personnel	6
FINANCIAL SECTION	
Independent Accountant's Report	9
Management Discussion and Analysis	11
Statement of Net Assets Proprietary Enterprise Fund	17
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Enterprise Fund	18
Cash Flow Statement Proprietary Enterprise Fund	19
Notes to the Financial Statements	20
STATISTICAL SECTION	
Demographic Summary	33
Principal Customer Schedule	34
Ten Year Net Asset & User Equivalent History	35
Ten Year Long Term Debt History	36
Ten Year Changes in Net Assets History	37
Ten Year Demand for Services and Operations Activity Summary	38



**Introductory**

**Section**

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**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
PO BOX 100, DELLROY OH 44620  
330-343-2113**

June 30, 2012

To: Members of the Board of Trustees  
Citizens of the District

The Comprehensive Annual Financial Report of the Atwood Regional Water and Sewer District for the year ended December 31, 2011 is presented in compliance with statutory requirements of the Ohio Revised Code. The State of Ohio Auditor's Office has performed a biennial audit for the fiscal years 2011 and 2010. The completed audit report has been filed in the District's office and available for public examination. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Atwood Regional Water and Sewer District. All disclosures necessary to enable the reader to gain an understanding of the Atwood Regional Water and Sewer District's activities have been included.

The financial reporting entity includes all accounts of the primary government: i.e., the Atwood Regional Water and Sewer District. The District has no component units. The District is an independent special purpose political subdivision which provides water and sewer services for property owners and residents within and without the District boundaries.

**Government Structure, Local Economic Condition and Outlook**

In 2011, the District celebrated its forty first anniversary. Established in 1970, the District is located in the eastern portion of Warren Township in Tuscarawas County, the western portions of Monroe and Orange Townships, and southern parts of Harrison and Rose Townships in Carroll County, Ohio. The District currently has a combined land area of 22 square miles and serves an average population of 3,550 persons. Its primary duty is to abate pollution of the waters of the state within the District's territory. The District receives its revenues only from fees for services and receives no tax revenues. Fifty commercial entities (4%) of the 1,254 active accounts provide thirty five percent of the District's user charge revenues.

## **Government Structure, Local Economic Condition and Outlook: (Continued)**

An appointed board of eight trustees governs the District. Trustees have a fiduciary duty to act in the interests of the beneficiaries of the District's water resource projects. The Board employs a Superintendent and Secretary-Treasurer with other staff members. Policy and legislative authority is vested in the Board of Trustees pursuant to Chapter 6119 of the Ohio Revised Code. The board is responsible, among other things, for adopting rules and regulations, adopting a budget and financial plan, hiring the District's Superintendent, and employing legal counsel, engineering services, and other consultants. The Superintendent is responsible for the operation and maintenance of the District's facilities; administration of the District's rules, regulations, and policies; together with hiring and supervision of District employees. The Secretary-Treasurer is responsible for office administration, fiscal matters, customer accounts and official records management. Board members are appointed by user entities established in the District's organizational scheme. Board members serve for staggered three year terms.

The District struggles with a recessionary economic environment and continued high unemployment. The region consists of recreation focused residential communities around Atwood Lake, together with the Villages of Dellroy, Sherrodsville and New Cumberland. The rural community engages in hospitality and agricultural enterprises. The community is closely associated with Dover-New Philadelphia, Carrollton, and Canton employment and shopping facilities. The Muskingum Watershed Conservancy District (MWCD) together with the United States Army Corps of Engineers provides for recreation and flood control activities in the area.

The District and surrounding counties have suffered from the recent economic recession across all principal industries. Further, the business and employment opportunities have diminished by slow residential growth in the recreation and retirement area.

### **Initiatives for 2011**

The District completed a project to repair and rehabilitate the District's sanitary sewer system. The project relined 724 feet of 8 inch sewer lines, grouted 22 manholes, replaced 20 manholes, and sealed over 25 point repairs. Electrical service at two pump stations was changed from single phase to three phase. A \$200,000 grant and \$100,000 no interest loan was obtained from Ohio Public Works Commission (OPWC).

In 2008, the Board also completed a study of 11 original pump stations and obtained an Ohio Water Development Authority (OWDA) construction loan to pay for the engineering studies and rehabilitation of the pump stations. Over the past two years, the District rehabilitated 10 of 11 pump stations and rehabilitated 36 grinder pump assemblies. A grinder pump system serves one to three homes. About 100 property owners were contacted in the fall of 2011 regarding defects found during smoke testing portion of the I&I study. Due to the approaching winter, some property owners deferred repairs until April or May of 2012.



### **Initiatives for 2011 (continued)**

The District completed the driveway entrance replacement begun in 2010 which consisted of 40 cubic yards of concrete and 30 tons of asphalt.

Electrical service was upgraded from single phase to three phase service at Station 15 on Feather Road. Several sewage pumps were rebuilt during the year and two new pumps were sold to MWCD. Two new residential and one new commercial services were installed. The sludge diverter box was rebuilt for each of the two 325,000 gallon oxidation ditches. Gates for the sludge beds were designed and built during the year. A new creek sampling platform was constructed at the outfall during September.

### **Management Discussion and Analysis:**

A special feature of this report is a separate management discussion and analysis which follows the Independent Accountants' Report. The Government Accounting Standards Board adopted the requirement for a management discussion and analysis to improve the report's utility. The discussion offers insights into the financial statements which may not be apparent from the statements alone.

### **Financial Information:**

The District's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of previous federal and state financial assistance, the District is also responsible for maintaining an adequate internal control structure to obtain compliance with applicable laws and regulations relating to those programs. The management periodically evaluates the control structure. Further, the District provides specialized controls for budget and financial planning. Both annual and project length budgets are prepared for capital improvements. The legal budgetary control is at object level. Encumbrances are used only for large purchases that require several months or contain unusual conditions. The budget operates as a financial plan and is reviewed by the Board each month. Encumbered amounts lapse at the end of the fiscal year however; any outstanding encumbrances are re-appropriated in the next year's budget.

**Other Information:**

This report is based upon the Comprehensive Annual Financial Report (CAFR) requirements as established by the Governmental Accounting Standards Board. The State of Ohio Auditor's office has performed a biennial audit for fiscal years 2011 and 2010.

This audit approach includes substantive testing for each fiscal year. A biennial audit is authorized by the Ohio statutes and regulations governing audits of local Ohio governments. The previous biennial audit was performed by Kevin Penn, Inc., an independent Certified Public Accounting Firm for the fiscal years 2009 and 2008.

The statistical section of this report presents data regarding the operation of the wastewater treatment facility. The data show the annual flow, annual removal of pollutants and detailed activity for 2011. Ten year revenue and expenditure trend data are presented together with other relevant statistical information.

**Acknowledgments:**

The diligent, patient, and dedicated efforts of the administrative staff contributed very significantly to the preparation of this report and are greatly appreciated.

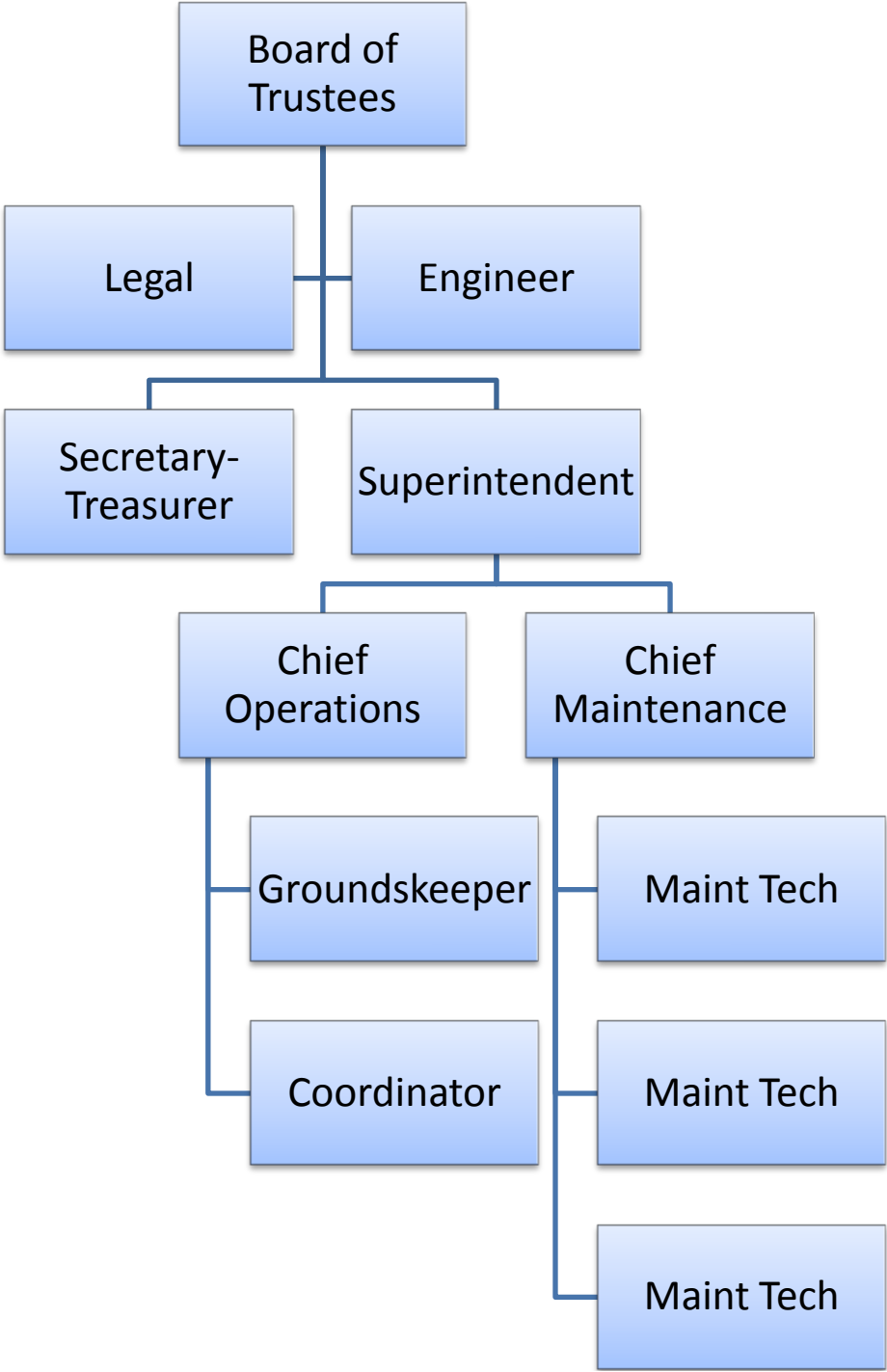
Sincerely,

**Atwood Regional Water and Sewer District**

  
**Larry Lloyd**  
Superintendent

  
**Vicki Winkler**  
Secretary-Treasurer

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Organizational Chart



ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 ADMINISTRATIVE PERSONNEL  
 as of December 31, 2011

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Chris Stefanov	President	2/19/11 to 2/19/14	[A]	\$200,000	Covers term
James Bellino	Vice-President	8/21/10 to 8/21/13	[A]	\$200,000	Covers term
Open					
John Boynton	Trustee	7/15/11 to 7/15/14	N/A	N/A	N/A
Allan Richards	Trustee	8/20/11 to 8/20/14	N/A	N/A	N/A
David Parham	Trustee	11/20/11 to 11/20/14	N/A	N/A	N/A
Susan Hawkins	Trustee	8/20/10 to 8/20/13	N/A	N/A	N/A
Robert Hanshaw	Trustee	2/11/11 to 2/11/14	N/A	N/A	N/A
Larry Lloyd	Superintendent	Indefinite	[A]	\$200,000	Covers term
Vicki Winkler	Secretary-Treas	Indefinite	[B]	\$50,000	Covers term
Legal Counsel					
Brad Zimmerman	Chief Counsel	Indefinite	N/A	N/A	N/A

[A] EMC Insurance Companies Surety coverage for all employees except Treasurer \$200,000 aggregate.

[B] Ohio Farmers Insurance Company statutory Treasurer's Bond \$50,000.

**Staff:**

Full Time:		Part Time:	
Mike Chitti	Chief Operations/Training	Grounds Maint.	Open
Ben Reardon	Lead Technician	Coordinator:	Open
Garry Daniels	Technician-Operator		
Tom Slutz	Technician		

**Financial**

**Section**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Atwood Regional Water and Sewer District  
Tuscarawas County  
PO Box 100  
Dellroy, Ohio 44620

To the Board of Trustees:

We have audited the accompanying statement of net assets of the Atwood Regional Water and Sewer District, Tuscarawas County, Ohio (the District), as of December 31, 2011 and 2010, and the related statement of revenues, expenses and changes in fund net assets, and 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atwood Regional Water and Sewer District, Tuscarawas County, Ohio as of December 31, 2011 and 2010, 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audits to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section and the statistical section information provide additional analysis and are not a required part of the basic financial statements. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 1, 2012



ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties Ohio  
 For the Years Ended December 31, 2011 and 2010  
 Unaudited

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**Overview of the Financial Statements**

The basic financial statements present the Statement of Net Assets, Statement of Income, Expenses and Changes in Fund Net Assets, and Cash Flow Statement for the period. The three financial statements are presented with prior year comparative data.

The Statement of Net Assets is a point-in-time snapshot of account balances at the end of the fiscal year. It reports assets available for working capital and to pay for any current liabilities owed as of the statement date.

The Statement of Income, Expenses and Changes in Fund Net Assets are used to report the flow of economic resources which emphasizes the determination of net income. All revenues earned and all expenses incurred are reported in this statement.

Condensed Financial Data	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital Assets	\$7,865,886	\$7,816,171	\$7,986,843
Other Assets	<u>542,514</u>	<u>531,020</u>	<u>314,268</u>
Total Assets	8,408,400	8,347,191	8,301,111
Long Term Liabilities	2,551,228	2,565,258	2,475,564
Other Liabilities	<u>17,441</u>	<u>15,087</u>	<u>14,399</u>
Total Liabilities	2,568,669	2,580,345	2,489,963
Invested Net Assets	5,334,791	5,271,046	6,089,140
Unrestricted Net Asset	<u>504,940</u>	<u>495,800</u>	<u>(277,992)</u>
Total Net Assets	<u>5,839,731</u>	<u>5,766,846</u>	<u>5,811,148</u>
Operating Revenue	951,997	931,483	893,735
Non-Operating Revenue	4,873	68,803	43,475
Capital Contribution	<u>180,629</u>	<u>19,370</u>	<u>0</u>
Total Revenues	1,137,499	1,019,656	937,210
Operating Expenses	970,225	963,422	859,109
Non-Operating Expenses	<u>94,389</u>	<u>97,125</u>	<u>86,975</u>
Total Expenses	1,064,614	1,060,547	946,084
Change in Net Assets	<u>72,885</u>	<u>(44,302)</u>	<u>(8,874)</u>
Ending Net Assets	<u>\$5,839,731</u>	<u>\$5,766,846</u>	<u>\$5,811,148</u>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties Ohio  
For the Years Ended December 31, 2011 and 2010  
Unaudited

The Cash Flow Statement shows the distribution of cash received and expended during the period. Non-cash transactions such as depreciation are omitted from this statement. The notes to the financial statements contain important details which assist the user in gaining a full understanding of the statements.

**Analysis of 2011 Operations Activity:**

The District operates a tertiary wastewater treatment plant and maintains a collection system of some 35 miles of sewers with 20 primary lift stations and 115 smaller grinder pump stations. The facilities operate 24 hours per day throughout the year. The operating environment is hazardous with exposures to heavy electrical power service of 480 volts and up, oxygen deficient confined space, infectious disease vectors, explosive gas environments, and similar industrial exposures. The staff is on standby duty for emergency services after normal work hours and on weekends and holidays. Typical emergency conditions consist of storm events, power outages, and equipment failures. Pump stations are equipped with alarm lights and several stations have auto-dialers for alarm conditions.

The District is responsible for meeting the requirements of its National Pollutant Discharge Elimination System (NPDES) permit which allows a maximum discharge of eight parts per million for suspended solids, seven parts per million for biochemical oxygen demand, and one and one half parts per million of ammonia. These limits represent removal in excess of 96 percent of the pollutants in the wastewater received at the plant. Achievement of these requirements together with associated regulations regarding disposal of bio-solids, plant management, and construction, drive the economic and business activity of the District.

During the year, the District treated 112.82 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. For 2011, the wastewater flow decreased 5% due to less rainfall than the previous year.

The 2011 maintenance activity included rebuilding several sewage pumps and 20 grinder pump systems. Two residential and one commercial connection were installed during the year. The Ohio EPA's National Pollutant Discharge Elimination System (NPDES) permit requires the District to conduct a formal Sewer System Evaluation Survey (SSES). Completed in 2008, the study examined the flow of surface and ground water entering the sewer system, the condition of 25 year old sewers, manholes and pump stations, and evaluates the costs for repair and rehabilitation alternatives. The rehabilitation was completed during June of 2011.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010  
Unaudited

**Analysis of 2011 Operations Activity: (continued)**

The District's charges for services for 2011 increased \$20,514 from \$931,483 in 2010 to \$951,997 in 2011. Investment income increased \$374 from \$2,305 in 2010 to \$2,679 in 2011 as a result of higher oil and gas royalties, and more invested cash. Operating expenses increased \$6,803 from \$963,422 in 2010 to \$970,225 in 2011. The increase was due to increases in personal services and materials. The net loss for the year is due mainly to unfunded depreciation.

The District funds its operations through a user's charge which recovers the costs for operation, maintenance, repair, replacement and debt service. Section 604 of the District's Wastewater Discharge Regulation requires the Board of Trustees to annually review the system of users charges and periodically revise them to generate sufficient revenues to recover costs of all treatment works operation maintenance and such other expenditures as may be authorized.

The residential users charge is based upon access to the District's facilities rather than volume of discharge. Therefore the residential rate is the same each month. Starting August of 2011, the residential users charge increased from \$40.00 to \$43.00 per month.

For comparison, the Ohio EPA conducts an annual survey of 481 water and sewer utilities in Ohio each year. The most recent data shows an average residential annual sewer rate in Ohio for 2010 was \$536.00 compared to the District's 2010 residential rate of \$480.00. Also, the average residential user in the District discharges about 150 to 200 gallons of wastewater per day into the system. The sewage weighs between 1,250 and 1,650 pounds and a home owner would need some 30 to 40 five gallon buckets to haul it each day. Most of the wastewater is pumped 5 miles and some over 10 miles to the treatment plant. The treatment plant then removes over 96 percent of the pollutants and disinfects the water prior to discharging it into the Conotton Creek. The residual organic solids are further treated and ultimately added to cropland as soil conditioner. The customer currently pays \$1.33 per day for this service; less than one cent per gallon or less than the cost of one cup of coffee.

A review of economic inflationary pressure on the District's users charge rates show that the original \$14.00 rate established in 1979 requires a \$44.24 users charge to produce the same purchasing power at the end of 2011. The \$23.00 monthly users charge in 1987 requires a rate of \$46.44 to achieve parity at the end of 2011. Further, the District deals with commercial and industrial inflation as compared to the consumer inflation frequently reported. Thus, regular increases in health insurance and other labor costs, together with increases for industrial parts, tools and equipment set the need for rate changes.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010  
Unaudited

**Analysis of 2011 Operations Activity: (continued)**

In 1976, the District established a connection fee to recover the costs related to adding a new sewer service to the system. The standard residential connection fee for the District remained at \$1,700 for 2011. While connection charges may be changed anytime, the Board includes the connection fee in its annual review in September and normally implements any necessary changes in December. An impact fee is established to recover the cost of adding sewer facilities. A system audit was completed in 2004 to assure that all eligible structures are connected to the sewer system and that the proper users charge is applied.

The District's overall financial position on December 31, 2011 was slightly higher than December 31, 2010. The 2011 actual operating expenses were slightly higher than the previous year. Depreciation is not fully funded in the budget which creates an operating loss for the year.

**Analysis of 2010 Operations Activity:**

During the year, the District treated 112.8 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. For 2010, the wastewater flow increased 36% due to greater rainfall than the previous year.

The 2010 maintenance activity included rebuilding several sewage pumps and rehabilitated six main lift stations and 20 grinder pump systems. Two commercial connections were installed during the year. The Ohio EPA's National Pollutant Discharge Elimination System (NPDES) permit requires the District to conduct a formal Sewer System Evaluation Survey (SSES). Completed in 2008, the study examined the flow of surface and ground water entering the sewer system, the condition of 25 year old sewers, manholes and pump stations, and evaluates the costs for repair and rehabilitation alternatives. During 2010, the rehabilitation continued with completion scheduled during 2011.

The District's charges for services for 2010 increased \$37,748 from \$893,735 in 2009 to \$931,483 in 2010. Investment income decreased \$936 from \$3,241 in 2009 to \$2,305 in 2010 as a result of lower oil and gas royalties, lower interest rates and less invested cash. Operating expenses increased \$104,313 (12%) from \$859,109 in 2009 to \$963,422 in 2010. The increase was due to increases in contractual services and materials. The net loss for the year is due mainly to unfunded depreciation.

The District funds its operations through a user's charge which recovers the costs for operation, maintenance, repair, replacement and debt service. Section 604 of the District's Wastewater Discharge Regulation requires the Board of Trustees to annually review the system of users charges and revise them to generate sufficient revenues to recover costs of all treatment works operation maintenance and such other expenditures as may be authorized.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010  
Unaudited

**Analysis of 2010 Operations Activity: (continued)**

The residential users charge is based upon access to the District's facilities rather than volume of discharge. Therefore the residential rate is the same each month. For 2010, the residential users charge increased to \$40.00 per month.

For comparison, the Ohio EPA conducts an annual survey of 481 water and sewer utilities in Ohio each year. The most recent data shows an average residential annual sewer rate in Ohio for 2009 was \$514.00 compared to the District's 2009 residential rate of \$480.00. Also, the average residential user in the District discharges about 150 to 200 gallons of wastewater per day into the system. The sewage weighs between 1,250 and 1,650 pounds and a home owner would need some 30 to 40 five gallon buckets to haul it each day. Most of the wastewater is pumped 5 miles and some over 10 miles to the treatment plant. The treatment plant then removes over 96 percent of the pollutants and disinfects the water prior to discharging it into the Conotton Creek. The residual organic solids are further treated and ultimately added to cropland as soil conditioner. The customer currently pays \$1.33 per day for this service; less than one cent per gallon or less than the cost of one cup of coffee.

A review of economic inflationary pressure on the District's users charge rates show that the original \$14.00 rate established in 1979 requires a \$42.05 users charge to produce the same purchasing power at the end of 2010. The \$23.00 monthly users charge in 1987 requires a rate of \$44.15 to achieve parity in 2010. Further, the District deals with commercial and industrial inflation as compared to the consumer inflation frequently reported. Thus, regular increases in health insurance and other labor costs, together with increases for industrial parts, tools and equipment set the need for rate changes.

In 1976, the District established a connection fee to recover the costs related to adding a new sewer service to the system. The standard residential connection fee for the District remained at \$1,700 for 2010. While connection charges may be changed anytime, the Board includes the connection fee in its annual review in September and normally implements any necessary changes in December. An impact fee is established to recover the cost of adding sewer facilities. A system audit was completed in 2004 to assure that all eligible structures are connected to the sewer system and that the proper users charge is applied.

The District's overall financial position on December 31, 2010 was somewhat higher than December 31, 2009. The 2010 actual operating expenses were higher than the previous year. Depreciation is not fully funded in the budget which causes an operating loss for the year.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010  
Unaudited

**Capital Assets and Long-term Debt Activity:**

The District's capital asset activity consists of construction projects and development of a rehabilitation plan for the sewage collection and pumping system. The District was able to complete the sale of a 70 acre tract at the end of December 2010. The District's debt is administered via loan agreements with Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC). Please refer to the notes to the basic financial statements for more information and a detailed debt schedule. The OWDA, 1.25 Million construction loan is fully disbursed and the capital improvements are completed. The OPWC financing is disbursed and the rehabilitation project is completed.

**Other Potentially Significant Matters:**

The District was not involved in any litigation during 2011 or 2010.

**Contacting the District's Financial Management:**

This financial report is designed to provide our users, creditors, and community residents with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Vicki Winkler, Secretary/Treasurer at the Atwood Regional Water and Sewer District, P.O. Box 100, Dellroy, Ohio 44620.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 For the Years Ended December 31, 2011 and 2010

**STATEMENT OF NET ASSETS**  
**PROPRIETARY ENTERPRISE FUND**  
 AS OF DECEMBER 31,

<b>Current Assets</b>	<b>2011</b>	<b>2010</b>
Cash and Cash Equivalents	\$ 382,305	\$ 363,624
Accounts Receivable	<u>160,209</u>	<u>167,396</u>
Total Current Assets	<u>542,514</u>	<u>531,020</u>
<b>Noncurrent Assets</b>		
Land	93,976	93,976
Buildings	39,000	39,000
Treatment Facilities	2,727,616	2,727,616
Infrastructures	12,630,576	11,208,165
Machinery and Equipment	524,267	500,714
Construction in Progress	85,958	1,185,192
Less: Accumulated Depreciation	<u>(8,235,507)</u>	<u>(7,938,492)</u>
Net Noncurrent Assets	<u>7,865,886</u>	<u>7,816,171</u>
<b>Total Assets</b>	<u>8,408,400</u>	<u>8,347,191</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Payroll Taxes	11,387	10,932
Advance Sewer Payments	6,054	4,155
Current Portion – Loan Payable	<u>216,095</u>	<u>203,575</u>
Total Current Liabilities	<u>233,536</u>	<u>218,662</u>
<b>Noncurrent Liabilities</b>		
Compensated Absences	20,133	20,133
Loans Payable	<u>2,315,000</u>	<u>2,341,550</u>
Total Noncurrent Liabilities Payable	<u>2,335,133</u>	<u>2,361,683</u>
Total Liabilities	<u>2,568,669</u>	<u>2,580,345</u>
<b>Net Assets</b>		
Invested in capital assets net of related debt	5,334,791	5,271,046
Unrestricted Assets	<u>504,940</u>	<u>495,800</u>
Total Net Assets	5,839,731	5,766,846
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,408,400</u>	<u>\$ 8,347,191</u>

The accompanying notes are an integral part of the financial statements

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY ENTERPRISE FUND**  
AS OF DECEMBER 31,

<b>Operating Revenue</b>	<b>2011</b>	<b>2010</b>
Charges for Services	\$ 951,997	\$ 931,483
<b>Operating Expenses</b>		
Personal Services	426,057	414,181
Contractual Services	41,869	63,171
Materials, Supplies and Equipment	83,135	63,167
Utilities	90,203	91,587
Depreciation	297,015	296,299
Other Operating Expenses	<u>31,946</u>	<u>35,017</u>
Total Operating Expenses	<u>970,225</u>	<u>963,422</u>
<b>Net Operating Income (Loss)</b>	<u>(18,228)</u>	<u>(31,939)</u>
<b>Non-Operating Receipts (Expenses)</b>		
Rent, Royalties and Interest on Investments	2,679	2,305
Interest and Fiscal Charges	(87,364)	(97,125)
Other Income	2,194	66,498
Other Non-Operating Expenses	<u>(7,025)</u>	<u>(3,411)</u>
<b>Total Non-Operating Receipts (Expenses)</b>	(89,516)	(31,733)
<b>Net Income (loss) before Capital Contributions</b>	(107,744)	(63,672)
Capital Contributions	<u>180,629</u>	<u>19,370</u>
<b>Change in Net Assets</b>	72,885	(44,302)
<b>Beginning Net Assets Jan 1<sup>st</sup></b>	<u>5,766,846</u>	<u>5,811,148</u>
<b>Ending Net Assets Dec 31<sup>st</sup></b>	<u>\$ 5,839,731</u>	<u>\$ 5,766,846</u>

The accompanying notes are an integral part of the financial statements



ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2011 and 2010

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY ENTERPRISE FUND**  
AS OF DECEMBER 31,

<b>Cash Flows From Operating Activities</b>	<b>2011</b>	<b>2010</b>
Payments from Customers	\$ 961,083	\$ 912,063
Payments to Suppliers for Goods and Services	(247,153)	(252,942)
Payments to/for Employees, Benefits and related Taxes	<u>(425,602)</u>	<u>(412,052)</u>
Net Cash Provided By (Used For) Operating Activities	288,328	247,069
 <b>Cash Flows From Non-Capital Financing Activities</b>		
Payments from Miscellaneous Sales	2,194	145,354
Payments for non-operating services	<u>(7,024)</u>	<u>(1,416)</u>
Net Cash Provided By (Used For) Non-Capital Financing	(4,830)	143,938
 <b>Cash Flows From Capital and Related Financing</b>		
Cash Received from Grants	180,629	19,370
Proceeds from Capital Debt	189,837	279,165
Payments for Capital Acquisitions	(346,731)	(204,483)
Principal Paid on Capital Debt	(203,867)	(193,215)
Interest Paid on Capital Debt	<u>(87,364)</u>	<u>(97,125)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(267,496)	(196,288)
 <b>Cash Flows from Investing Activities</b>		
Payments from Interest, Royalties and Rent	<u>2,679</u>	<u>2,305</u>
Net Cash Provided By (Used For) Investing Activities	2,679	2,305
 Net Increase (Decrease) in Cash and Cash Equivalents	18,681	197,024
Cash and Cash Equivalents January 1	<u>363,624</u>	<u>166,600</u>
Cash and Cash Equivalents December 31	<u><u>382,305</u></u>	<u><u>363,624</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Net Operating Loss	(18,228)	(31,939)
<b>Adjustments</b>		
Depreciation	297,015	296,299
Increase (Decrease) in Accounts Receivable	7,187	(19,728)
Increase (Decrease) in Advance Payments Liability	1,899	308
Increase (Decrease) in Payroll Liabilities	455	380
Increase (Decrease) in Compensated Absences Liability	<u>0</u>	<u>1,749</u>
Total Adjustments	<u>306,556</u>	<u>279,008</u>
 <b>Net Cash Provided By (Used For) Operating Activities</b>	<u><u>\$ 288,328</u></u>	<u><u>\$ 247,069</u></u>

The accompanying notes are an integral part of the financial statements

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Atwood Regional Water and Sewer District is a special purpose independent political subdivision of the State of Ohio. It is governed by an appointed board of eight trustees. These financial statements present all the accounts of the District. Organized in 1970, the District serves an estimated population of 3,500 persons in Warren Township, Tuscarawas County and Orange and Monroe Townships, Carroll County together with the residents of the Villages of Sherrodsville and Dellroy. Trustees serve for a staggered three year term.

**B. BASIS OF ACCOUNTING**

The District uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the District has one fund which is categorized as a proprietary fund. Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

**Enterprise Fund** - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**B. BASIS OF ACCOUNTING - (continued)**

The accounting and financial reporting treatment applied to the District's funds is determined by their measurement focus. The District's fund is a proprietary, enterprise fund which uses a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The District uses the accrual basis of accounting, which records revenue when earned and measurable and expenses when the liability is incurred. Revenues subject to accrual are charges for services.

In the preparation of its financial statements, the District conforms to the Generally Accepted Accounting Principles as prescribed in statements issued by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The District's financial statements have been prepared in accordance with GASB Statement No. 20, 'Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.' The District applies Financial Accounting Standards Board Statements and Interpretations provided that they do not conflict with GASB Statements and Interpretations.

The District has implemented 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 for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The implementation of this statement had no effect on the District beginning balances.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**C. CASH AND CASH EQUIVALENTS**

The District defines cash as coin minted and paper currency printed by the U.S. Government. Cash equivalents are defined as demand deposits, certificates of deposit, and any other instrument which can be readily exchanged for cash.

**D. OPERATING AND NON-OPERATING REVENUES**

Operating revenues are defined as those charges or receipts which relate directly to the delivery of sewer or water services. User charges, connection and impact fees, and penalties are operating revenues. Non-operating revenues have an indirect relationship to delivery of services. Interest on investments, rents, and royalties are examples of non-operating revenues.

**2. DEPOSITS**

At December 31, 2011 and 2010, the carrying amount of the District's deposits was \$382,305 and \$363,624 respectively, and the bank balances were \$539,340 and \$375,440 respectively. All of the bank balances for both years were covered by federal depository insurance and pledged securities.

Pursuant to Ohio Revised Code Section 135.16, the District has depository agreements with two depositories, Citizens Bank Company and PNC Financial Services, for deposits of active and inactive funds. Further, the Ohio Revised Code Section 6119.16 authorizes the District to invest in obligations of the United States, the State of Ohio, or any of its political subdivisions. The District has no obligations that would be considered investments.

**3. DEBT ADMINISTRATION**

Long-term debt consists of five loans from Ohio Water Development Authority (OWDA), and three principal only loans from Ohio Public Works Commission (OPWC). The proceeds of these loans provide the District's share of water resource projects. The District pledges its revenues for payment of the loans; however, the agreements contain no stipulated net revenue coverage value for the debt service. Also, Ohio statutes contain no debt limit for water resource loans secured by pledged revenues.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2011 and 2010

**3. DEBT ADMINISTRATION (continued)**

A total of \$189,837 and \$279,165 in loan proceeds were disbursed during 2011 and 2010 respectively, for the purpose of purchasing capital assets. A 2007 planning loan was rolled into a 2008, 1.25 million OWDA construction loan for pump stations and sewer repairs.

Non-Current Loans Payable Fiscal Year 2011

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2012
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9% Mat: 7/1/2014	\$ 413,777	\$ 0	\$ 107,554	\$ 306,233	\$ 116,040
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 224,767	\$ 0	\$ 19,542	\$ 205,225	\$ 20,719
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026	\$ 270,000	\$ 0	\$ 11,730	\$ 258,270	\$ 12,417
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 565,308	\$ 0	\$ 26,378	\$ 538,930	\$ 26,908
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 1,049,248	\$ 167,196	\$ 34,063	\$ 1,182,381	\$ 34,279
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 8,775	\$ 0	\$ 1,950	\$ 6,825	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 13,250	\$ 0	\$ 2,650	\$ 10,600	\$ 2,650
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032		\$ 22,641		\$ 22,641	\$ 1,132
<b>Total Obligations</b>	<b>\$ 2,545,125</b>	<b>\$ 189,837</b>	<b>\$ 203,867</b>	<b>\$ 2,531,095</b>	<b>\$ 216,095</b>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2011 and 2010

Non-Current Loans Payable Fiscal Year 2010

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2011
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9% Mat: 7/1/2014	\$ 513,465	\$ 0	\$ 99,688	\$ 413,777	\$ 107,554
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 243,200	\$ 0	\$ 18,433	\$ 224,767	\$ 19,542
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.77% Mat: 1/1/2026	\$ 281,081	\$ 0	\$ 11,081	\$ 270,000	\$ 11,730
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 591,164	\$ 0	\$ 25,856	\$ 565,308	\$ 26,378
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 803,640	\$ 279,165	\$ 33,557	\$ 1,049,248	\$ 33,771
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 10,725	\$ 0	\$ 1,950	\$ 8,775	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 15,900	\$ 0	\$ 2,650	\$ 13,250	\$ 2,650
<b>Total Obligations</b>	<b>\$ 2,459,175</b>	<b>\$ 279,165</b>	<b>\$ 193,215</b>	<b>\$ 2,545,125</b>	<b>\$ 203,575</b>

The financial requirements to amortize all indebtedness, including interest, are as follows:

Year(s) Ending Dec 31 <sup>st</sup> :	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2012	\$79,502	\$216,095	\$295,597
2013	\$67,315	\$228,281	\$295,596
2014	\$54,255	\$171,241	\$225,496
2015	\$45,832	\$108,589	\$154,421
2016	\$42,369	\$108,427	\$150,796
2017-2021	\$155,992	\$531,842	\$687,834
2022-2026	\$84,074	\$477,397	\$561,471
2027-2031	\$40,299	\$299,946	\$340,245
2032-2036	\$21,311	\$238,169	\$259,480
2037-2039	\$4,006	\$151,109	\$155,115

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**4. ACCRUED COMPENSATED ABSENCES**

Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences," specifies the methods used to accrue liabilities for leave benefits. Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible for termination benefits in the future.

The District employs six full time personnel. The liability for sick leave is tabulated from one half of the accumulated hours for sick leave to a maximum of 480 hours multiplied by the current hourly rate for each eligible employee. Vacation is tabulated from the accumulated hours of vacation multiplied by the current hourly rate for each eligible employee. Year-end changes in vacation and sick leave accruals are closed to Compensated Absences on the Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Statement of Net Assets. Sick leave and vacation liability is liquidated as compensated absences from regular work periods or within certain District policy limitations, paid to employees. Only full time employees are eligible for vacation. Sick leave benefits conform to statutory requirements.

**5. DEFINED BENEFIT PENSION PLAN**

The employees of the District are covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described as follows: 1) The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan. 2) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. 3) The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**5. DEFINED BENEFIT PENSION PLAN (continued)**

system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2011 and 2010 member contribution rate was 10.0%. The 2011 and 2010 employer rate for local government employer units was 14.0% of covered payroll.

The payroll covered by this pension system for 2011, 2010 and 2009 was \$241,013, \$246,308 and \$244,061 respectively. Actual employer contributions for pension obligations for those years were \$17,628 (92%), \$21,971 (100%) and \$20,745 (100%) for 2011, 2010 and 2009 respectively. Actual employee contributions were \$22,173 (92%), \$24,631 (100%) and \$24,406 (100%) which is 10.0% for 2011, 2010 and 2009 respectively of the above payroll amount. The District provides a fringe benefit pickup plan for full time employees.

**6. POST-EMPLOYMENT BENEFITS**

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



ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**6. POST-EMPLOYMENT BENEFITS (continued)**

provide retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and 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. 45.

OPERS provides for retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2011 and 2010 employer contribution rate for local government employer units was 14.00% of covered payroll. The portion of employer contributions allocated to health care members in the combined plan was 6.05% for 2011 and 5.50% from January 1 through February 28, 2010, and 5.00% from March 1 through December 31, 2010. The Ohio Revised Code provides the statutory authority to require public employers to fund post-retirement health care through their contributions to OPERS. The employer contributions actually made to fund post-employment benefits for 2011 and 2010 were \$13,415 and \$12,512, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. These rates allowed additional funds to be allocated to the health care plan.

**7. CAPITAL ASSET MANAGEMENT**

The District records capital assets at cost or estimated historical cost if purchased or constructed. As a proprietary enterprise fund, the District's capital assets are depreciated on a straight line basis during their useful life. While depreciation is not presently budgeted, it is reported as an expense. Major outlays for capital assets are capitalized when projects are completed and placed in service. Interest incurred during the loan disbursement period is reflected in the capitalized value of the asset. Capital assets are classified as those durable items which retain their identity when in use, have an estimated useful life of two years or more, and cost \$3,000 or more.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2011 and 2010

**7. CAPITAL ASSET MANAGEMENT (continued)**

The District uses the following useful life periods for capital assets:

Buildings	20 - 40 years
Treatment Facilities	30 - 50 years
Infrastructures	50 years
Machinery and Equipment	2 - 20 years

Statement of Changes in Capital Assets  
 For the year ended December 31, 2011

Capital Assets	Balance at Jan 1, 2011	Additions	Deletions	Balance at Dec 31, 2011
Land	\$93,976	\$0	\$0	\$93,976
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$11,208,165	\$1,422,411	\$0	\$12,630,576
Machinery/Equip.	\$500,714	\$23,553	\$0	\$524,267
Total Capital Assets	\$14,569,471	\$1,445,964	\$0	\$16,015,435
Less Accum Depreciation	\$(7,938,492)	\$(297,015)	\$0	\$(8,235,507)
Construction in Progress	\$1,185,192	\$4,400	\$(1,103,634)	\$85,958
Net Capital Assets	\$7,816,171	\$1,153,349	\$(1,103,634)	\$7,865,886

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2011 and 2010

**7. CAPITAL ASSET MANAGEMENT (continued)**

Statement of Changes in Capital Assets  
 For the year ended December 31, 2010

Capital Assets	Balance at Jan 1, 2010	Additions	Deletions	Balance at Dec 31, 2010
Land	\$172,832	\$0	\$(78,856)	\$93,976
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$11,208,165	\$0	\$0	\$11,208,165
Machinery/Equip.	\$500,714	\$0	\$0	\$500,714
Total Capital Assets:	\$14,648,327	\$0	\$(78,856)	\$14,569,471
Less Accum Depreciation:	\$(7,642,193)	\$(296,299)	\$0	\$(7,938,492)
Construction in Progress:	\$980,709	\$204,483	\$0	\$1,185,192
Net Capital Assets:	\$7,986,843	\$(91,816)	\$(78,856)	\$7,816,171

**8. ENCUMBRANCES PROCEDURE**

Encumbrances are used for complex purchases or those requiring delivery over several months. Encumbrances expire at the end of the fiscal year and are re-established for the next fiscal year.

**9. INSURANCE**

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. The District has not significantly decreased coverage in the past three years, nor have claims exceeded commercial coverage.

**10. CONTINGENCIES**

Management is not aware of any pending litigation or claims against the District.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

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**STATISTICAL**

**SECTION**

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**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
DEMOGRAPHIC SUMMARY 2011**

**EMPLOYMENT (1)**

Employer:	Employees:
Atwood Lake Resort and Conference Center	Closed
Atwood Lake Boats	25
Muskingum Watershed Conservancy District	45
Carrollton Exempted Schools	24

Source: Atwood Regional Water and Sewer District  
Note (1) Data from nine years ago is not available.

**COMMUNITY POPULATION (2010 Census as revised)**

Subdivision:	Population:
Sherrodsville, Carroll County	304
Dellroy, Carroll County	356
Monroe Township, Carroll County	2,072
Warren Township, Tuscarawas County	1,179
Carroll County	28,836
Tuscarawas County	92,582

Source: US Census Bureau

**COMMUNITY TAX VALUATION**

Subdivision:	
Sherrodsville, Carroll County	\$ 2,437,430
Dellroy, Carroll County	\$ 3,434,860
Monroe Township, Carroll County	\$ 51,897,490
Warren Township, Tuscarawas County	\$ 28,712,580

Source: Auditor and Treasurer, Carroll County  
Auditor and Treasurer, Tuscarawas County

**Atwood Regional Water and Sewer District  
Carroll and Tuscarawas Counties, Ohio**

**Principal Customer Schedule (1)**

<b>CUSTOMER</b>	<b>% of Revenue Base</b>
Atwood Resort and Conference Center	13%
Atwood Lake Park	13%
Atwood Yacht Club	1%
Carrollton Exempted Schools (Dellroy Elementary)	1%
Dellroy Laundromat	Less than 1%
Atwood Lake Boats (Atlamar)	1%
Conotton Valley Local Schools (Sherrodsville Elementary)	1%
U.S. Army Corps of Engineers (Park and Office)	Less than 1%
Casablanca Restaurant	Less than 1%

The District's customer base contains 1,245 active accounts which represent the equivalent of 1,828 residential users

Source: Atwood Regional Water and Sewer District Records  
Note (1) Data from nine years ago is not available.



**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Ten Year History of Net Assets by Component**

Fiscal Year	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fixed Assets net of related debt	\$5,334,791	\$5,271,046	\$6,089,140	\$5,959,792	\$5,691,402	\$5,798,642	\$5,860,441	\$5,975,832	\$6,154,637	\$6,336,041
Unrestricted Net Assets	504,940	495,800	(277,992)	(139,770)	319,582	313,891	305,621	323,495	181,205	162,530
Total Net Assets	\$5,839,731	\$5,766,846	\$5,811,148	\$5,820,022	\$6,010,984	\$6,112,534	\$6,166,062	\$6,299,327	\$6,335,842	\$6,498,571

Source: Atwood Regional Water and Sewer District Records

**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Ten Year History of User Equivalent Rates for Sewer Service  
Applied To Customer Base of 1,830 User Equivalents**

Rate	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Residential User Equivalent Rate	\$43.00	40.00	38.00	38.00	36.00	36.00	34.00	34.00	29.50	29.50
Optional Commercial Rate per 1000 gallons	\$ 9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.36

Source: Atwood Regional Water and Sewer District Records

Note: Rates can be changed anytime with approval by Board of Trustees.

**ATWOOD REGIONAL WATER AND SEWER DISTRICT**  
**Long Term Debt Service**  
**Ten Year History**

Fiscal Year	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Loan Balance December 31st	\$ 2,531,095	\$ 2,545,125	\$2,457,180	\$ 2,162,257	\$ 2,043,846	\$ 2,113,684	\$ 2,094,977	\$2,186,552	\$2,355,667	\$ 2,088,681
Interest Paid	87,364	97,125	86,975	95,678	113,597	115,018	122,439	129,167	123,294	136,723
Debt Retired	203,867	193,215	150,201	164,841	207,161	144,034	136,007	202,796	82,869	77,477
Total Debt Service	291,231	290,340	237,176	260,519	320,758	259,052	258,446	331,963	206,163	214,200
Debt Coverage	3.3	3.2	3.8	3.4	2.7	3.2	3.1	2.6	3.7	3.6
Debt per Customer	\$ 2,025	\$ 2,036	\$ 1,966	\$ 1,730	\$ 1,635	\$ 1,691	\$ 1,676	\$ 1,749	\$ 1,885	\$ 1,671

Source: Atwood Regional Water and Sewer District Records. Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**ATWOOD REGIONAL WATER AND SEWER DISTRICT**  
**Changes in Net Assets**  
**Ten Year History**

<b>Operating Revenue</b>	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Charges for Services	\$ 951,997	\$ 931,483	\$ 893,735	\$ 888,370	\$ 851,471	\$ 833,024	\$ 808,203	\$ 854,870	\$ 767,731	\$ 777,415
<b>Operating Expenses</b>										
Personal Services	426,057	414,181	339,394	385,342	339,923	277,464	314,166	310,771	308,119	302,276
Contractual Services	41,869	63,171	41,459	52,145	31,241	34,478	24,456	23,903	45,370	22,156
Materials, Supplies, Equipment	83,135	63,167	46,813	131,312	81,368	71,090	91,843	75,439	78,540	62,435
Utilities	90,203	91,587	91,486	83,658	75,034	75,958	75,483	75,093	66,364	62,732
Depreciation	297,015	296,299	305,345	302,065	294,924	294,049	291,650	291,514	281,004	283,385
Other Operating Expenses	31,946	35,017	34,612	39,033	33,591	32,717	29,744	34,845	31,886	26,945
<b>Total Operating Expenses</b>	<b>970,225</b>	<b>963,422</b>	<b>859,109</b>	<b>993,555</b>	<b>856,081</b>	<b>785,756</b>	<b>827,342</b>	<b>811,565</b>	<b>811,283</b>	<b>759,929</b>
<b>Net Operating Income(Loss)</b>	<b>(18,228)</b>	<b>(31,939)</b>	<b>34,626</b>	<b>(105,185)</b>	<b>(4,610)</b>	<b>47,268</b>	<b>(19,139)</b>	<b>43,305</b>	<b>(43,552)</b>	<b>17,486</b>
<b>Non-Operating Revenue(Expenses)</b>										
Rent, Royalties, Interest on Investments	2,679	2,305	3,241	9,899	16,624	14,225	8,313	5,347	4,117	5,190
Interest and Fiscal Charges	(87,364)	(97,125)	(86,975)	(95,678)	(113,597)	(115,018)	(122,439)	(126,313)	(123,294)	(136,723)
Other non-operating Revenue	2,194	66,498	40,234	-	32	-	-	-	-	-
Other non-operating Expenses	(7,025)	(3,411)	-	-	-	-	-	(2,854)	-	-
<b>Net Income before Capital Contributions</b>	<b>(107,744)</b>	<b>(63,672)</b>	<b>(8,874)</b>	<b>(190,964)</b>	<b>(101,551)</b>	<b>(53,525)</b>	<b>(133,265)</b>	<b>(80,515)</b>	<b>(162,729)</b>	<b>(114,047)</b>
Capital Contributions	180,269	19,370	-	-	-	-	-	44,000	-	-
<b>Change in Net Assets</b>	<b>72,525</b>	<b>(44,302)</b>	<b>(8,874)</b>	<b>(190,964)</b>	<b>(101,551)</b>	<b>(53,525)</b>	<b>(133,265)</b>	<b>(36,515)</b>	<b>(162,729)</b>	<b>(114,047)</b>
Beginning Net Assets January 1st	5,766,846	5,811,148	5,820,025	6,010,986	6,112,534	6,166,062	6,299,327	6,335,842	6,498,571	6,612,618
Ending Net Assets December 31st	\$ 5,839,371	\$ 5,766,846	\$ 5,811,151	\$ 5,820,022	\$ 6,010,983	\$ 6,112,537	\$ 6,166,062	\$ 6,299,327	\$ 6,335,842	\$ 6,498,571

Source: Atwood Regional Water and Sewer District Records

**ATWOOD REGIONAL WATER AND SEWER DISTRICT**  
**Carroll and Tuscarawas Counties, Ohio**

**Ten Year Demand for Services and Operations Activity Summary**

Year	Avg Daily Flow (MGD)	Effluent BOD (ppm)	Solids (ppm)	NH <sub>4</sub> (ppm)	Influent BOD (ppm)	Solids (ppm)	NH <sub>4</sub> (ppm)	Yrly Oxygen Demand (tons)	Yrly Solids Removed (tons)
2011	0.294	1.093	0.580	0.285	202.000	148.000	10.00	89.90	66.10
2010	0.309	1.178	0.235	0.524	234.667	162.810	39.212	109.85	76.49
2009	0.226	1.153	0.373	0.300	319.583	206.000	10.000	109.58	70.76
2008	0.320	1.263	0.667	0.384	264.333	139.917	10.000	128.13	67.82
2007	0.338	1.241	0.413	0.635	246.583	161.250	10.000	126.31	82.81
2006	0.297	1.464	0.401	0.364	243.621	146.323	10.000	109.40	65.92
2005	0.320	1.675	1.799	0.306	257.000	163.333	10.000	124.46	78.74
2004	0.372	2.150	3.050	0.441	239.817	125.750	10.000	134.49	69.43
2003	0.334	2.650	3.117	2.090	274.700	131.750	10.000	138.37	65.43
2002	0.300	1.967	2.392	0.161	214.450	153.917	10.000	96.93	69.12

<b>2011</b>									
Annual Wastewater Treated						112.82		Million Gallons	
Annual Solids Removed						66.10		Tons	
Annual Biochemical Oxygen Demand (BOD)						89.90		Tons	
Annual Ammonia Removed						4.39		Tons	

<b>2011 Average Daily Flow</b>						294,000		Gallons	
Pollutant:	Daily ppm		Discharge Limits lbs			Average Daily Discharge (lbs)		Average Daily Removed (lbs)	
Suspended Solids	8.0		19.62			0.70		362.19	
Biochemical Oxygen Demand	7.0		17.16			2.68		492.62	
Ammonia (NH <sub>4</sub> )	1.5		3.68			0.49		24.03	

2011 Avg Daily Flow (1000 Gals)	294.0	Operating cost/1000 gal:	\$9.04
Total Flow 2011 in 1000 Gal	107,310	Debt Svc per 1000 gal:	\$2.71
Total 2011 Expense other than Capital Improvements Outlay	\$970,225	Total Cost per 1000 gal:	\$11.75

Source: Atwood Regional Water and Sewer District Records



# Dave Yost • Auditor of State

ATWOOD REGIONAL WATER AND SEWER DISTRICT

TUSCARAWAS 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 10, 2012