

*ATWOOD REGIONAL WATER
AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended December 31, 2007

ARWSD



Prepared by:
Larry Lloyd
Superintendent



Mary Taylor, CPA
Auditor of State

Board of Trustees
Atwood Water and Sewer District
P.O. Box 100
Dellroy, Ohio 44620

We have reviewed the *Independent Auditor's Report* of the Atwood Water and Sewer District, Tuscarawas County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 Atwood Water and Sewer District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 5, 2008

This Page is Intentionally Left Blank.

ATWOOD REGIONAL WATER AND SEWER DISTRICT

Carroll and Tuscarawas Counties, Ohio

Comprehensive Annual Financial Report
For the Year Ended December 31, 2007

**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	7
Management Discussion and Analysis	9
Statement of Net Assets - Proprietary Enterprise Fund	14
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Enterprise Fund	15
Cash Flow Statement - Proprietary Enterprise Fund	16
Notes to the Financial Statements	17
STATISTICAL SECTION	
Demographic Summary	27
Ten Year Debt History	28
Ten Principal Customers	29
Chart - Inflation Adjusted Personnel Costs	30
Chart - Inflation Adjusted Sewer Rates	31
Ten Year Historical Summary Receipts	32
Ten Year Historical Summary Expenditures	33
Ten Year Operations Summary	34

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, 2007 is presented in compliance with statutory requirements of the Ohio Revised Code. Kevin L. Penn Inc., an Independent Public Accountant, performed a biennial audit for the fiscal years 2006 and 2007. The completed audit report is 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 (the District) 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 2007, the District celebrated its thirty-seventh 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 1244 active accounts provide thirty five percent of the District's user charge revenues.

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 enjoys a favorable economic environment which points to continued stability. 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 together with the United States Army Corps of Engineers provides for stable recreation and flood control activities in the area.

The District and surrounding counties have benefitted from the long-term stability of manufacturing and surface transportation industries. Further, the business and employment opportunities afforded by the residential growth as a recreation and retirement area, enhances stability for the communities around the District.

Initiatives for 2007

The District commenced an engineering study to evaluate the District's sanitary sewer system. For several years, the flow at the plant increased two or three times in a mild rainfall event and more during heavy rains. The Board of Trustees contracted with W.E. Quicksall and Associates to perform the study during 2007. The report will identify sources of excess water entering the system and provide a schedule for repair or rehabilitation.

The District also completed construction of a new pump station at the wastewater treatment plant which will lower the pressure loading on existing pump stations and improve the flow into the plant.

A special feature of this report is a separate management discussion and analysis which follows the independent auditor's 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 level of legal budgetary control is at fund 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 independent Certified Public Accounting firm of Kevin L. Penn Inc. performed a biennial audit for fiscal years 2006 and 2007.

The biennial audit and audit report has been submitted for review and approval by the Office of the Auditor, State of Ohio. 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 last biennial audit was performed for the fiscal years 2004 and 2005.

Other Information (continued):

The Certificate of Achievement for Excellence in Financial Reporting was awarded to the Atwood Regional Water and Sewer District by the Government Finance Officers Association (GFOA) of the United States and Canada for its Comprehensive Annual Financial Report for the year ended December 31, 2005. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Certificate of Achievement is valid for one year only.

The District also received the *Auditor of State Mary Taylor, CPA Making Your Tax Dollars Count Award* for excellence in financial reporting for 2005. Only five percent of the public entities in the State of Ohio are eligible for this award according to the Auditor of State's office.

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 2007. 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.

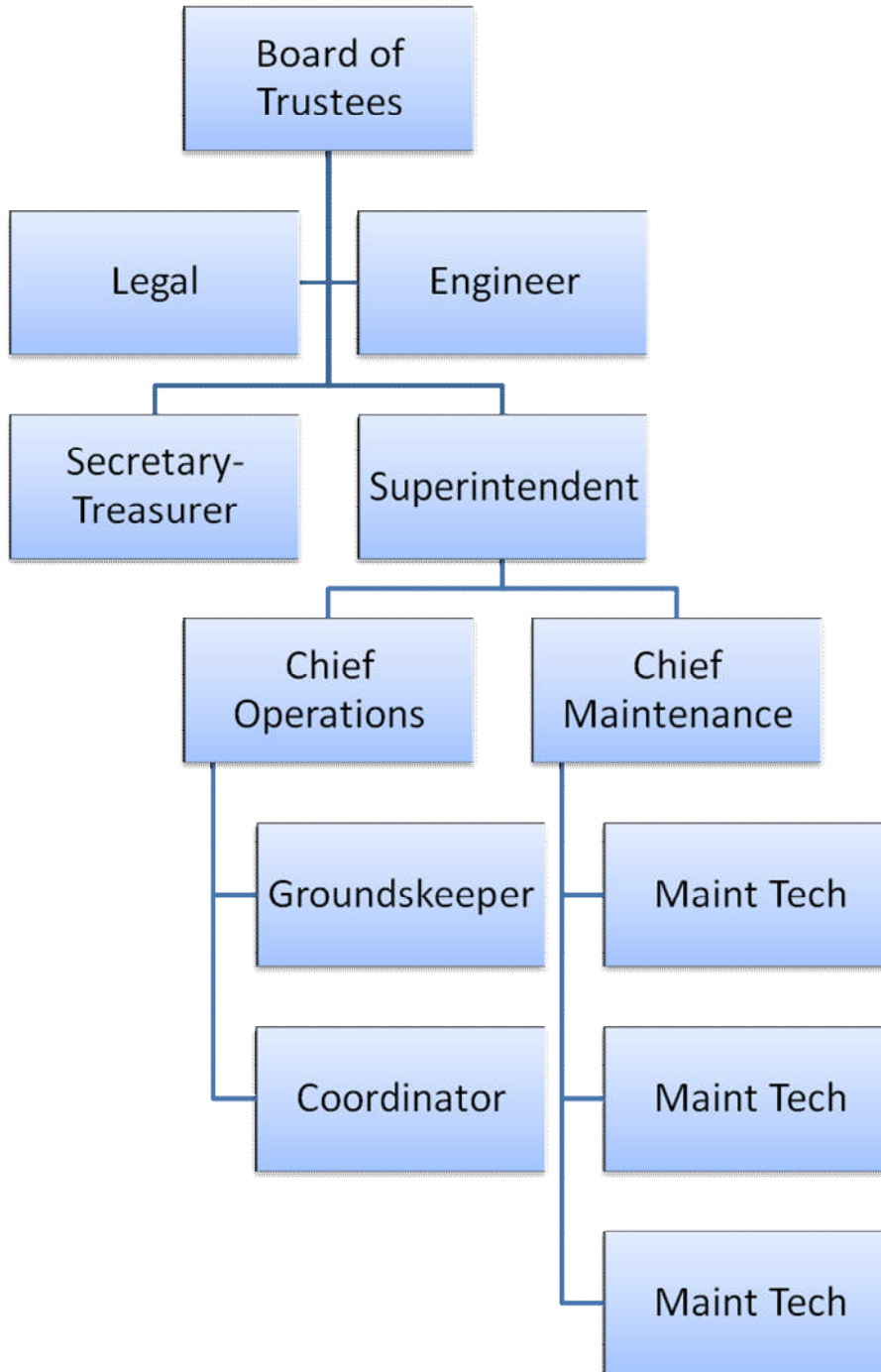
Sincerely,

Atwood Regional Water and Sewer District

Larry Lloyd
Superintendent

Vicki Winkler
Secretary-Treasurer

Carroll and Tuscarawas Counties, Ohio
Organization Chart Fiscal Year 2007



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

ADMINISTRATIVE PERSONNEL
as of December 31, 2007

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Chris Stefanov	President	2/19/05 to 2/19/08	[A]	\$200,000	covers term
Patrick Cooper	Vice President	2/19/07 to 2/19/10	[A]	\$200,000	covers term
Larry Dunlap	Trustee	8/21/07 to 08/21/10	N/A	N/A	N/A
John Boynton	Trustee	7/15/05 to 07/15/08	N/A	N/A	N/A
Allan Richards	Trustee	3/20/06 to 3/20/09	N/A	N/A	N/A
David Parham	Trustee	11/20/06 to 11/20/09	N/A	N/A	N/A
Jean Griffeth	Trustee	8/20/07 to 8/20/10	N/A	N/A	N/A
Gary Hall	Trustee	2/11/02 to 2/11/05	N/A	N/A	N/A
Larry Lloyd	Superintendent	Indefinite	[A]	\$200,000	covers term
Vicki Winkler	Secretary/Treasurer	Indefinite	[B]	\$50,000	covers term
Legal Counsel					
D. Brad Zimmerman	Chief Counsel	Indefinite	n/a	n/a	n/a
140 Fair Ave, New Philadelphia, OH 44663					

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

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

Staff:

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



Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

Independent Auditor's Report

Board of Trustees
Atwood Regional Water and Sewer District
Dellroy, Ohio

I have audited the accompanying financial statements of the Atwood Regional Water and Sewer District, as of December 31, 2006 and 2007 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the Atwood Regional Water and Sewer District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis in my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atwood Regional Water and Sewer District, as of December 31, 2006 and 2007, and the changes in financial position and cash flows, where applicable, of its proprietary fund type for the years ended December 31, 2006 and 2007 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 9 - 13, is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. The MD&A has been reviewed in accordance with the standards established by the American Institute of Certified Public Accountants. Such a review, however, is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion on the MD&A information.

7

In accordance with *Government Auditing Standards*, I have also issued my report dated May 5, 2006 on my consideration of the Atwood Regional Water and Sewer District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters.

The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 result of my audit.

Kevin L. Penn, Inc.

May 2, 2008

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

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 is 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	2007	2006	2005
Capital Assets:	\$7,735,200	\$7,877,117	\$7,955,418
Other Assets:	\$352,014	\$387,320	\$338,340
Total Assets:	\$8,087,214	\$8,264,437	\$8,293,758
Long Term Liabilities:	\$2,062,872	\$2,132,555	\$2,113,534
Other Liabilities:	\$13,356	\$19,345	\$14,162
Total Liabilities:	\$2,076,228	\$2,151,900	\$2,127,696
Invested Net Assets:	\$5,691,354	\$5,763,434	\$5,860,441
Unrestricted Net Asset	\$319,632	\$349,103	\$305,621
Total Net Assets:	\$6,010,986	\$6,112,537	\$6,166,062
Operating Revenue:	\$851,471	\$833,024	\$808,203
Non Operating Rev:	\$16,656	\$14,225	\$8,313
Total Revenues:	\$868,127	\$847,249	\$816,516
Operating Expenses	\$856,081	\$785,756	\$827,342
Non Operating Exp:	\$113,597	\$115,018	\$122,439
Total Expenses:	\$969,678	\$900,774	\$949,781
Change in net assets:	(\$101,551)	(\$53,525)	(\$133,265)
Ending Net Assets:	\$6,010,986	\$6,112,537	\$6,299,327

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

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 Operations Activity:

The District operates a tertiary wastewater treatment plant and maintains a collection system of some 55 miles of sewers with eighteen 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 ninety six 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 123.4 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. Record rainfall and subsequent flooding during January 2005 placed heavy strain on the District's facilities. Access to manholes and one pump station was impossible during a three week period. For 2007, the wastewater flow was up 15 million gallons due with a return to normal rainfall conditions.

The maintenance activity included rebuilding several sewage pumps, twenty five grinder pumps. Five new residential 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). This study examines 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 Board selected W. E. Quicksall and Associates to perform the study during 2007.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

Analysis of Operations Activity: (continued)

Flow monitoring began in April with three purchased flow monitors and three rental units. The staff coordinated the test locations with the engineer and performed the field work. During August and September, the sewer system was smoke tested to identify areas of inflow. In December, the staff cleaned portions of the sewer ahead of the contract video inspection crew. About 20,000 feet of 8 and 10 inch sewer was visually inspected.

The District's charges for services for 2007 increased \$18,447 from \$883,024 in 2006 to \$851,471 in 2007. Investment income increased \$2,399 from \$14,225 in 2006 to \$16,624 in 2007 as a result of higher oil and gas royalties and rising interest rates. Operating expenses increased slightly from \$785,756 in 2006 to \$856,081 in 2007. 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.

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. In November, the board increased the residential users charge \$2.00 per month (5.9%) from \$34.00 to \$36.00 per month with an effective date of December 1, 2006. Other rates were increased proportionally.

For comparison, the Ohio EPA conducts an annual survey of 550 water and sewer utilities in Ohio each year. The most recent data shows an average residential annual sewer rate in Ohio for 2006 was \$442.00 compared to the District's 2006 residential rate of \$408.00. Also, the average residential user in the District discharges about 150 to 200 gallons of wastewater per day into the system. The sewage weights between 1250 and 1650 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 \$1.20 per day for this service; less than one cent per gallon or less than the cost of one cup of coffee.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

Analysis of Operations Activity: (continued)

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 \$38.88 users charge to produce the same purchasing power at the end of 2006. The \$23.00 monthly users charge in 1987 requires a rate of \$40.82 to achieve parity in 2006. 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 2007. 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, 2007 remained nearly the same as December 31, 2006. The actual operating expenses were slightly higher than previous year. Depreciation is not funded in the budget which causes an operating loss for the year.

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's debt is administered via loan agreements with Ohio Water Development Authority, Ohio Public Works Commission and a loan with a local bank. Please refer to the notes to the basic financial statements for more information and a detailed debt schedule. The OWDA construction loan remains open and in a disbursing status while the improvements are completed. An additional \$54,000 payment on a five year demand water resource note held by Citizens Bank was made in 2007.

Other Potentially Significant Matters:

All enforcement litigation was settled during 2007.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

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

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

ASSETS	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents (Note 1)	\$ 223,972	\$ 266,387
Accounts Receivable	128,042	120,933
Total Current Assets	<u>352,014</u>	<u>387,320</u>
Noncurrent Assets		
Land	172,832	172,832
Buildings	39,000	39,000
Treatment Facilities	2,727,616	2,727,616
Infrastructures	11,208,165	10,945,556
Machinery and Equipment	456,267	444,807
Construction in Progress	166,102	287,164
	<u>14,769,982</u>	<u>14,616,975</u>
Less Accumulated Depreciation	<u>7,034,782</u>	<u>6,739,858</u>
Net Noncurrent Assets	<u>7,735,200</u>	<u>7,877,117</u>
TOTAL ASSETS	<u><u>\$ 8,087,214</u></u>	<u><u>\$ 8,264,437</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Payroll Taxes	\$ 9,508	\$ 16,324
Advance Sewer Payments	3,848	3,021
Current Portion - Loan Payable	160,826	152,165
Total Current Liabilities	<u>174,182</u>	<u>171,510</u>
Noncurrent Liabilities		
Compensated Absences	19,026	18,872
Loan Payable	1,883,020	1,961,518
Total Noncurrent Liabilities	<u>1,902,046</u>	<u>1,980,390</u>
Total Liabilities	2,076,228	2,151,900
Net Assets		
Invested in Capital Assets Net of Related Debt	5,691,354	5,763,434
Unrestricted Assets	<u>319,632</u>	<u>349,103</u>
Total Net Assets	<u>6,010,986</u>	<u>6,112,537</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,087,214</u></u>	<u><u>\$ 8,264,437</u></u>

The notes to the financial statements are an integral part of this statement.

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

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

	2007	2006
OPERATING REVENUE		
Charges for Services	\$ 851,471	\$ 833,024
OPERATING EXPENSES		
Personal Services	339,923	277,464
Contractual Services	31,241	34,478
Materials, Supplies, and Equipment	81,368	71,090
Utilities	75,034	75,958
Depreciation	294,924	294,049
Other Operating Expenses	33,591	32,717
Total Operating Expenses	856,081	785,756
NET OPERATING INCOME (LOSS)	(4,610)	47,268
NON-OPERATING RECEIPTS (EXPENSES)		
Rent, Royalties and Interest on Investments	16,624	14,225
Interest and Fiscal Charges	(113,597)	(115,018)
Loss on Sale of Capital Assets	0	0
Other Non-Operating Revenues (Expenses)	32	0
Total Non-Operating Receipts (Expenses)	(96,941)	(100,793)
Income Before Special Items	(101,551)	(53,525)
Settlement from Lawsuits	0	0
CHANGE IN NET ASSETS	(101,551)	(53,525)
NET ASSETS - DECEMBER 31, 2006	6,112,537	6,166,062
NET ASSETS - DECEMBER 31, 2007	\$ 6,010,986	\$ 6,112,537

The notes to the financial statements are an integral part of this statement.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
CARROLL AND TUSCARAWAS COUNTIES, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY ENTERPRISE FUND
AS OF DECEMBER 31st

	2007	2006
Cash Flows From Operating Activities:		
Payments from Customers:	\$ 845,189	\$ 827,583
Payments to Suppliers for Goods and Services:	(221,234)	(216,336)
Payments to/for Employees, Benefits, and related Taxes:	(346,585)	(269,870)
<i>Net Cash Provided By (Used For) Operating Activities:</i>	<i>277,370</i>	<i>341,377</i>
Cash Flows From Non-Capital Financing Activities:		
Net Cash Provided By (Used For) Non-Capital Financing Activities:	0	0
Cash Flows From Capital and related Financing Activities:		
Proceeds from Capital Debt:	137,390	162,740
Payments for Capital Acquisitions:	(153,008)	(215,748)
Principal Paid on Capital Debt:	(207,227)	(144,034)
Interest Paid on Capital Debt:	(113,597)	(115,018)
<i>Net Cash Provided By (Used For) Capital and related Financing Activities:</i>	<i>(336,442)</i>	<i>(312,060)</i>
Cash Flows From Investing Activities:		
Payments From Interest, Royalties, and Rent:	16,656	14,225
<i>Net Cash Provided By (Used For) Investing Activities:</i>	<i>16,656</i>	<i>14,225</i>
Net Increase (Decrease) in Cash and Cash Equivalents:	(42,416)	43,542
Cash and Cash Equivalents January 1:	266,390	222,848
Cash and Cash Equivalents December 31:	223,972	266,390
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Net Operating Income:	\$ (4,610)	\$ 47,268
Adjustments:		
Depreciation	294,924	294,049
Increase (Decrease) in Accounts Receivable:	(7,109)	(5,441)
Increase (Decrease) in Advance Payments Liability:	827	(2,093)
Increase (Decrease) in Payroll Liabilities:	(6,816)	315
Increase (Decrease) in Compensated Absences Liability:	(154)	7,279
Total Adjustments:	281,980	294,109
<i>Net Cash Provided By (Used For) Operating Activities:</i>	<i>\$ 277,370</i>	<i>\$ 341,377</i>

The notes to the financial statements are an integral part of this statement.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

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 3500 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.

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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF ACCOUNTING - (continued)

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.

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, 2006 and 2007, the carrying amount of the District's deposits was \$266,390 and \$223,972 respectively, and the bank balances were \$281,117 and \$236,052, respectively. All of the bank balances for both years were covered by federal depository insurance and pledged securities.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to the Basic Financial Statements
 For the Years Ended December 31, 2006 and 2007

Pursuant to Ohio Revised Code section 135.16, the District has depository agreements with two depositories, Citizens Bank Company and National City Bank, for deposits of active and inactive funds. Further, the ORC 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), two principal only loans from Ohio Public Works Commission (OPWC), and a five year balloon loan from The Citizens Bank Company. 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.

The District financed projects for sewer extensions to serve residents north of Sherrodsville. Two replacements and a relief pump station are included in the financing plan. A total of \$137,323 was disbursed during 2007 for capital assets. A new planning loan was obtained in 2007 to study sewer repairs.

Non-Current Loans Payable Fiscal Year 2007

Obligation	Bal Jan 1	Issued	Retired	Bal Dec 31	Due 2008
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9 % Mat: 7/1/2014	\$ 770,882	\$ 0	\$ 79,378	\$ 691,504	\$ 85,641
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02 % Mat: 1/1/2020	\$ 292,453	\$ 0	\$ 15,468	\$ 276,985	\$ 15,933
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.77% Mat: 1/1/2026	\$ 310,703	\$ 0	\$ 9,343	\$ 301,440	\$ 9,890
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 601,599	\$ 64,055	\$ 24,293	\$ 641,361	\$ 24,782
Cooperative Loan Agreement (OWDA) 2007 Planning Loan Interest rate 4.62% Mat:	\$ 0	\$ 73,268	\$ 0	\$ 73,268	\$ 0
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat 7/1/2015	\$ 16,575	\$ 0	\$ 1,950	\$ 14,625	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 23,850	\$ 0	\$ 2,650	\$ 21,200	\$ 2,650
Citizens Bank Loan 2004 Variable Interest Rate 4.96% Mat: 8/25/2009	\$ 97,542	\$ 0	\$ 74,079	\$ 23,462	\$ 23,231
Total Obligations	\$ 2,113,684	\$ 137,323	\$ 207,161	\$2,043,846	\$ 164,077

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties Ohio
 Notes to the Basic Financial Statements
 For the Years Ended December 31, 2006 and 2007

3. **DEBT ADMINISTRATION** - (continued)

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

Year (s) Ending Dec 31st:	Interest	Principal	Total
2008	\$99,120	\$160,826	\$259,946
2009	\$90,547	\$146,278	\$236,825
2010	\$82,187	\$155,284	\$237,471
2011	\$73,228	\$165,096	\$238,324
2012	\$66,629	\$175,618	\$242,247
2013-2017	\$181,245	\$602,227	\$783,472
2018-2022	\$75,554	\$330,094	\$405,648
2023-2027	\$21,020	\$247,660	\$268,680
2028	\$ 554	\$ 60,763	\$ 37,450
	\$ 690,084	\$ 2,043,846	\$ 2,733,930

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 and one part 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

5. DEFINED BENEFIT PENSION PLAN - (continued)

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 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 provide 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 making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions.

For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2007 member contribution rates were 9.5%. The 2007 employer contribution rates for local government employer units the rate was 13.85% of covered payroll.

The payroll covered by this pension system for 2007, 2006 and 2005, was \$232,516, \$209,370 and \$224,619, respectively. Actual employer contributions for those years were \$29,646 (90.5%), \$28,684 (100%) and \$30,436 (100%) which is 13.85% for 2007, 13.70% for 2006 and 13.55% for 2005 of above payroll. The actual employee contributions were \$20,334 (90.5%), \$18,843 (100%), And \$19,093 (100%), which is 9.5% for 2007, 9.0% for 2006 and 8.5% for 2005 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)

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

6. POST-EMPLOYMENT BENEFITS - (continued)

a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS 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. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 employer contribution rate for local government employer units was 13.85% of covered payroll, of which 5.00% was used to fund health care for the year. The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2006. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2005 was 6.50%. 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 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 8 years. Thereafter, health care costs were assumed to increase at 4% annually.

OPEBs are advance-funded on an actuarially determined basis. At year-end 2007, the number of active contributing participants in the Traditional and Combined Plans totaled 374,979. The rates stated above are the actuarially determined contribution requirements for OPERS. The portion of employer contributions that were used to fund post employment benefits can be multiplied by actual employer contributions for January 1 through June 30, 2007 by 0.3610 for local governments and for the period July 1 through December 31, 2007 by 0.4332. \$12.0 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2006.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

6. POST-EMPLOYMENT BENEFITS - (continued)

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocations exceed the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rate increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow 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.

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties Ohio
 Notes to the Basic Financial Statements
 For the Years Ended December 31, 2006 and 2007

7. CAPITAL ASSET MANAGEMENT (continued)

Statement of Changes in Capital Assets
 For year ending December 31, 2006

Capital Assets	Bal Jan 1, 2006	Additions	Deletion	Bal Dec 31, 2006
Land	\$172,832	\$0	\$0	\$172,832
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$10,925,969	\$19,588	\$0	\$10,945,556
Machinery/Equip.	\$444,807	\$0	\$0	\$444,807
Total Capital Assets:	\$14,310,224	\$19,588	\$0	\$14,329,811
Less Accum Depreciation:	\$(6,445,809)	\$(294,049)	\$0	\$(6,739,858)
Construction in Progress:	\$91,003	\$196,160	\$0	\$287,163
Net Capital Assets:	\$7,955,418	\$(78,301)	\$0	\$7,877,116

Statement of Changes in Capital Assets
 For the fiscal year ended December 31, 2007

Capital Assets	Bal Jan 1, 2007	Additions	Deletions	Bal Dec 31, 2007
Land	\$172,832	\$0	\$0	\$172,832
Buildings	\$39,000	\$0	\$0	\$ 39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$10,945,556	\$262,609	\$0	\$11,208,165
Machinery/Equip.	\$444,807	\$11,460	\$0	\$456,267
Total Capital Assets	\$14,329,811	\$274,069	\$0	\$14,603,880
Less Accum Depreciation	\$(6,739,858)	\$(294,924)	\$0	\$(7,034,782)
Construction in Progress	\$287,163	99,428	\$(220,489)	\$166,102
Net Capital Assets	\$7,877,116	\$78,573	\$(220,489)	\$7,735,200

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

8. ENCUMBRANCES PROCEDURE

Encumbrances are used for complex purchases or those requiring several months' delivery. 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

In September 2005, the District filed complaints in Common Pleas Court against two property owners in the District to enforce compliance with the District's Wastewater Discharge Regulation. As of December 31, 2007, one was resolved favorably during 2006 and the other was resolved during 2007. Management is not aware of any other claims against the District.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

STATISTICAL SECTION

**ATWOOD REGIONAL WATER AND SEWER DISTRICT
DEMOGRAPHIC SUMMARY 2007**

EMPLOYMENT

Employer:	Employees:
Atwood Lake Resort and Conference Center	105
Atwood Lake Boats	25
Muskingum Watershed Conservancy District	45
Carrollton Exempted Schools	24

Source: Atwood Regional Water and Sewer District

COMMUNITY POPULATION (2000 Census as revised)

Subdivision:	Population:
Sherrodsville, Carroll County	315
Dellroy, Carroll County	293
Monroe Township, Carroll County	1,930
Warren Township, Tuscarawas County	1,194
Carroll County	28,516
Tuscarawas County	91,398

Source: US Census Bureau

COMMUNITY TAX VALUATION

Subdivision:	
Sherrodsville, Carroll County	\$ 2,351,270
Dellroy, Carroll County	\$ 3,276,960
Monroe Township, Carroll County	\$ 31,752,160
Warren Township, Tuscarawas County	\$ 27,739,010

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

Atwood Regional Water and Sewer District
 Long Term Debt Service
 Ten Year History

Fiscal Year	Loan Bal 12/31	Interest Paid	Debt Retired	Total Debt Service
1997	\$1,748,485	\$127,509	\$50,365	\$177,874
1998	\$1,694,602	\$124,309	\$53,814	\$178,123
1999	\$1,910,039	\$126,126	\$57,527	\$183,653
2000	\$2,157,492	\$131,394	\$61,521	\$192,915
2001	\$2,085,031	\$147,361	\$72,461	\$219,822
2002	\$2,088,681	\$136,723	\$77,477	\$214,200
2003	\$2,355,667	\$123,294	\$82,869	\$206,163
2004	\$2,186,552	\$129,167	\$202,796	\$331,963
2005	\$2,094,977	\$122,439	\$136,007	\$258,446
2006	\$2,113,684	\$115,018	\$144,034	\$259,052
2007	\$2,043,846	\$113,597	\$207,161	\$320,758
Total		\$1,396,937	\$1,146,032	\$2,542,969

Source: Atwood Regional Water and Sewer District

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

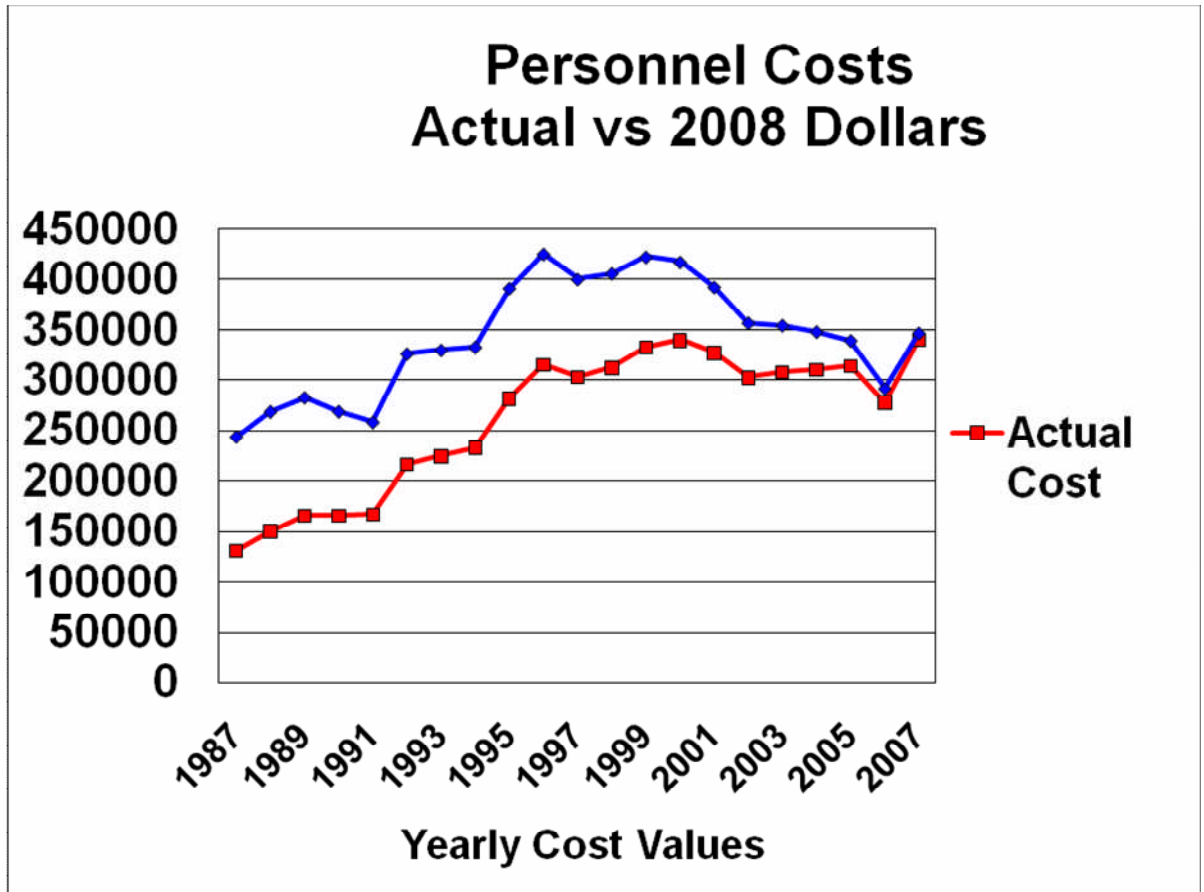
Principal Customers

Atwood Resort (MWCD)
Atwood Lake Park (MWCD)
Atwood Yacht Club
Carrollton Exempted Schools (Dellroy Elementary)
Dellroy Laundromat
Atwood Lake Boats (Atlamar)
Conotton Valley Local Schools (Sherrodsville Elementary)
U.S. Army Corps of Engineers (Park and Office)
Casablanca Restaurant

The District's customer base contains 1244 active accounts which represent the equivalent of 1828 residential users

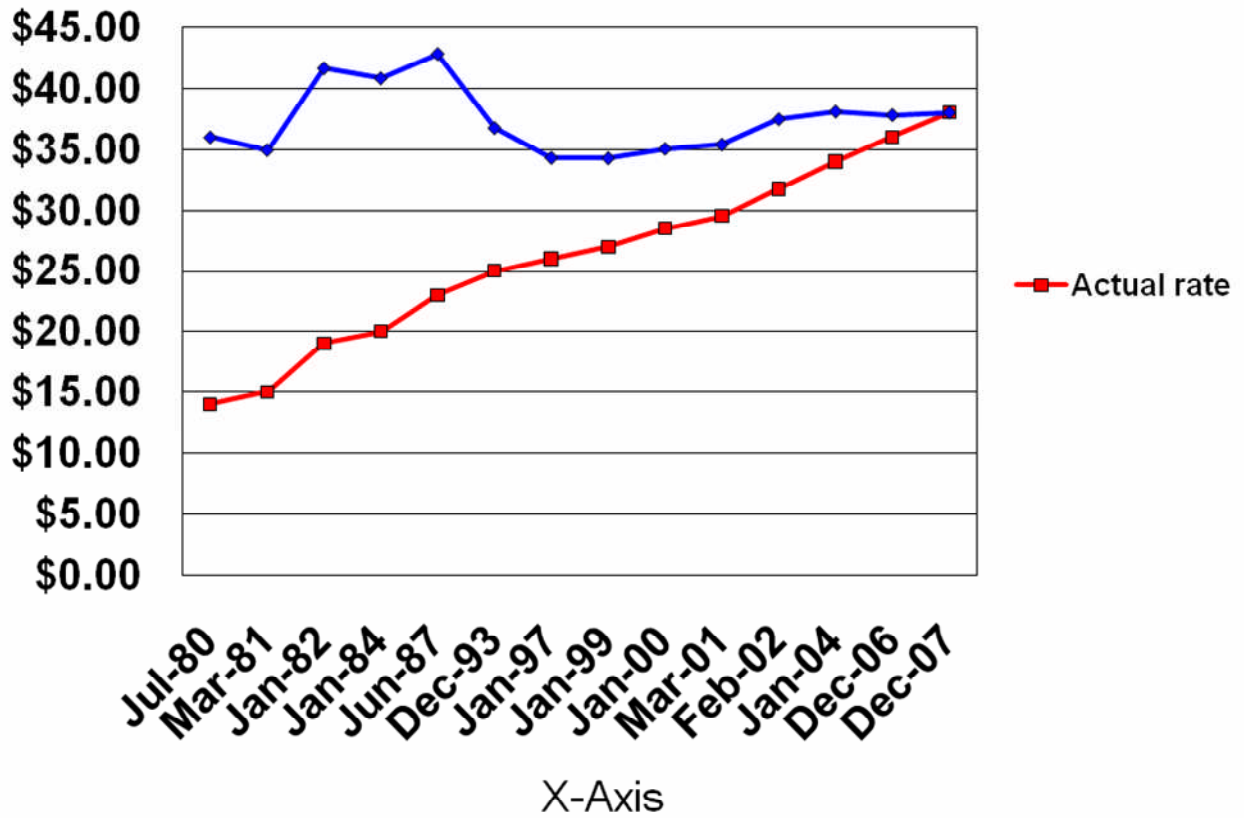
Source: Atwood Regional Water and Sewer District

ATWOOD REGIONAL WATER AND SEWER DISTRICT
CARROLL AND TUSCARAWAS COUNTIES, OHIO



Source: Atwood Regional Water and Sewer District

Sewer Rate Comparison Actual vs 2008 Dollars



Source: Atwood Regional Water and Sewer District

Atwood Regional Water and Sewer District
 TEN YEAR HISTORICAL SUMMARY
 Revenues by Source

Year:	Charges for Svcs	Interest	Loans & Grants	Total
1997	\$577,515	\$16,207	\$0	\$593,722
1998	\$696,973	\$13,386	\$0	\$710,359
1999	\$620,713	\$9,679	\$272,963	\$903,355
2000	\$642,750	\$14,869	\$308,974	\$966,593
2001	\$717,221	\$7,433	\$0	\$724,654
2002	\$777,413	\$5,190	\$81,127	\$863,730
2003	\$767,728	\$4,117	\$349,854	\$1,121,699
2004	\$854,870	\$4,696	\$33,680	\$893,246
2005	\$808,203	\$8,186	\$44,433	\$860,822
2006	\$833,024	\$14,225	\$162,740	\$1,009,989
2007	\$851,471	\$16,624	\$137,323	\$1,005,418

Source: Atwood Regional Water and Sewer District

Ten Year Historical Summary - Expenditures by Type

Date	Personal Services	Cont Svcs	Materials	Utilities	Other Op Exp	Interest	Loan Payment	Other Non-Op
1997	\$303,240	\$45,162	\$111,613	\$60,117	\$17,536	\$127,509	\$50,365	\$0
1998	\$313,032	\$55,319	\$66,629	\$62,068	\$18,952	\$124,309	\$47,922	\$0
1999	\$333,983	\$39,937	\$59,373	\$64,857	\$17,028	\$126,156	\$57,527	\$197,383
2000	\$339,421	\$27,878	\$58,032	\$68,522	\$21,491	\$131,394	\$61,521	\$305,655
2001	\$327,065	\$18,833	\$44,595	\$66,071	\$24,063	\$147,361	\$72,461	\$0
2002	\$302,276	\$22,156	\$62,435	\$62,732	\$26,945	\$136,723	\$77,477	\$140,908
2003	\$308,119	\$45,370	\$78,540	\$66,364	\$31,885	\$123,294	\$82,868	\$371,594
2004	\$310,773	\$23,903	\$75,439	\$75,093	\$34,843	\$129,167	\$202,795	\$48,525
2005	\$314,166	\$24,465	\$91,843	\$75,483	\$29,744	\$122,439	\$136,007	\$67,058
2006	\$277,464	\$34,478	\$71,090	\$75,958	\$32,717	\$115,018	\$144,034	\$0
2007	\$339,923	\$31,241	\$81,368	\$75,034	\$33,591	\$113,597	\$207,161	\$32

Source: Atwood Regional Water and Sewer District

**Atwood Regional Water and Sewer District
Ten Year Operations Summary**

Year	Avg Daily Flow (MGD)	Effluent BOD (ppm)	Solids (ppm)	NH ₄ (ppm)	Influent BOD (ppm)	Solids (ppm)	NH ₄ (ppm)	Yrly Oxygen Demand (tons)	Yrly Solids Removed (tons)
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
2001	0.282	1.717	1.860	0.578	191.033	190.667	10.000	81.24	81.02
2000	0.195	1.517	1.758	0.593	142.450	181.875	10.000	41.85	53.48
1999	0.215	1.475	1.717	0.620	157.317	163.575	10.000	50.88	52.84
1998	0.196	2.017	1.642	0.593	161.092	166.075	10.000	47.48	49.07
1997	0.165	1.742	1.800	0.563	151.508	146.575	10.000	37.57	36.32

2007				
Annual Wastewater Treated			123.46	Million Gallons
Annual Solids Removed			82.81	Tons
Annual Biochemical Oxygen Demand (BOD)			126.31	Tons
Annual Ammonia Removed			4.82	Tons

2007 Average Daily Flow			338,258	Gallons
Pollutant:	Daily ppm	Discharge Limits lbs	Average Daily Discharge (lbs)	Average Daily Removed (lbs)
Suspended Solids	8.0	19.80	1.17	361.21
Biochemical Oxygen Demand	7.0	17.33	3.50	599.43
Ammonia (NH ₄)	1.5	3.71	1.79	23.85

2007 Avg Daily Flow (1000 Gals)	338.3	Operating cost/1000 gal:	\$6.93
Total Flow 2007 in 1000 Gal	123,464	Debt Chgs per 1000 gal:	\$2.60
Total 2007 Expense other than Capital Improvements Outlay	\$856,081	Total Cost per 1000 gal:	\$9.53

Source: Atwood Regional Water and Sewer District

*ATWOOD REGIONAL WATER
AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

Audit Report

For the Years Ended December 31, 2006 and 2007

Atwood Regional Water and Sewer District
Audit Report
For the Years Ended December 31, 2006 and 2007

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	1
Summary Schedule of Prior Audit Findings	3



Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

To the Board of Trustee
Atwood Regional Water and Sewer District
Dellroy, Ohio

I have audited the financial statements of Atwood Regional Water and Sewer District as of and for the year ended December 31, 2006 and 2007, and have issued my report thereon dated May 2, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Atwood Regional Water and Sewer District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Atwood Regional Water and Sewer District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Atwood Regional Water and Sewer District's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Atwood Regional Water and Sewer District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of Atwood Regional Water and Sewer District's financial statements that is more than inconsequential will not be prevented or detected by Atwood Regional Water and Sewer District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Atwood Regional Water and Sewer District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atwood Regional Water and Sewer District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Atwood Regional Water and Sewer District in a separate letter dated May 2, 2008.

This report is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

May 2, 2008

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2006 and 2007

There were no audit findings, during the 2004 and 2005 fiscal year.



Mary Taylor, CPA
Auditor of State

ATWOOD 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
AUGUST 19, 2008**