

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

AUDIT REPORT

For the years ended December 31, 2013 and 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Atwood Regional Water and Sewer District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Regional Water and Sewer District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 23, 2014

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Atwood Regional Water and Sewer District
TUSCARAWAS COUNTY, OHIO
AUDIT REPORT
For the Years Ended December 31, 2013 and 2012

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Atwood Regional Water and Sewer District, Tuscarawas County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

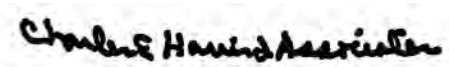
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Charles Harris Associates".

Charles E. Harris & Associates, Inc.
June 17, 2014

**ATWOOD REGIONAL WATER AND SEWER DISTRICT
TUSCARAWAS, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2013 and 2012**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Material Weakness – Financial Statement Errors	Yes	Finding No Longer Valid

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, 2013



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, 2013

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Introductory

Section

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

June 17, 2014

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, 2013 is presented in compliance with statutory requirements of the Ohio Revised Code. Charles Harris and Associates, Inc. has performed a biennial audit for the fiscal years 2013 and 2012. 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 2013, the District celebrated its forty third 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 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. However, business and employment opportunities are beginning to rebound with growth in the oil and gas exploration and development.

Initiatives for 2013

The District crew cleared trees and mowed right-of-way easement near the Atwood Dam and the north side of the lake crossing. The Geographic Information System was updated and several facility location points were added to the database. The vehicle fleet received significant repairs during the year. A new standby generator was installed for the office and laboratory facilities. A second portable generator for grinder pump systems was purchased. The John Deere lawn tractor, mower and blade was replaced and new lab equipment was purchased. Thirty year old blowers were replaced and a clarifier gear drive was replaced and one was rebuilt. Two new grinder pump systems were installed and eight grinder pump systems were rebuilt.

Initiatives for 2012

The District continued repair and replacement for pump station 10 and pump station 15. Ten grinder pump assemblies were rebuilt. A grinder pump system serves one to three homes. Three new customers were added during the year.

About 100 property owners were contacted in the fall of 2011 regarding defects found during smoke testing portion of the Inflow and Infiltration study. Several property owners completed repairs in the spring of 2012.

Management Discussion and Analysis:

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 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: (continued)

This report is based upon the Comprehensive Annual Financial Report (CAFR) requirements as established by the Governmental Accounting Standards Board. Charles Harris and Associates Inc. has performed a biennial audit for fiscal years 2013 and 2012 and has issued an unqualified opinion.

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 The State of Ohio Auditor's office for the fiscal years 2011 and 2010.


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 2013. Ten year revenue and expenditure trend data are presented together with other relevant statistical information.

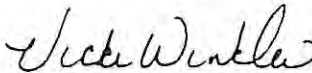
Acknowledgments:

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

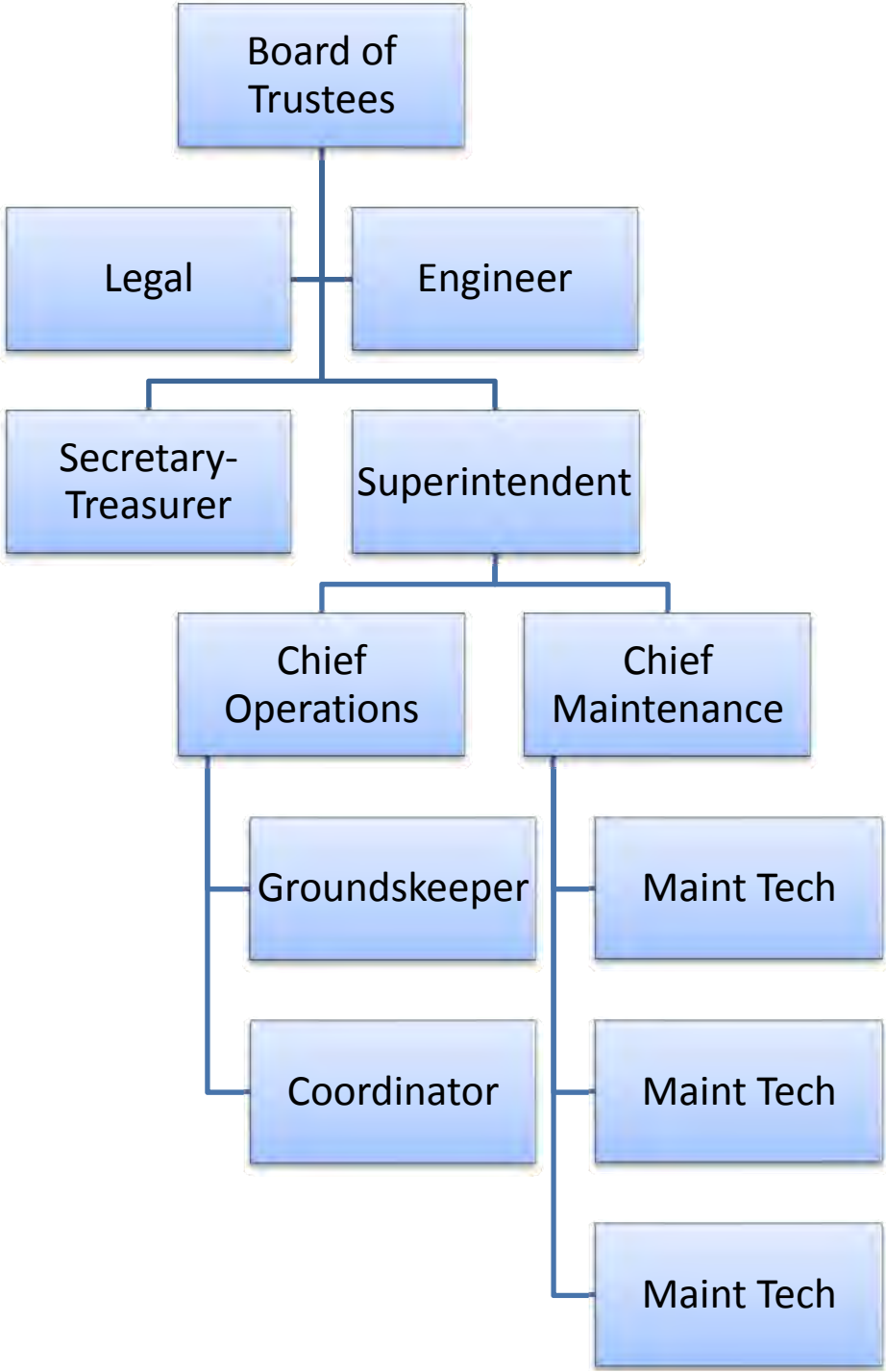
Sincerely,

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, 2013

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Jim Bellino	President	8/21/13 to 8/21/16	[A]	\$200,000	Covers term
Chris Stefanov	Vice-President	2/19/11 to 2/19/14	[A]	\$200,000	Covers term
Joe Mabie	Trustee	2/11/11 to 2/11/14	N/A	N/A	N/A
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	8/20/13 to 8/20/16	N/A	N/A	N/A
Open	Trustee				
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
Open	Technician-Operator		
Tom Slutz	Technician		

Financial

Section

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Atwood Regional Water and Sewer District, Tuscarawas County, Ohio (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atwood Regional Water and Sewer District, Tuscarawas County, Ohio as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

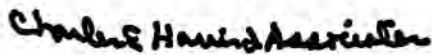
Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole. The introductory section and the statistical section information present 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 17, 2014

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

MANAGEMENT DISCUSSION AND ANALYSIS:

Overview of the Financial Statements

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

The Statement of Net Position 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 Position 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>2013</u>	<u>2012</u>	<u>2011</u>
Capital Assets	\$7,174,427	\$7,513,868	\$7,865,886
Other Assets	<u>419,501</u>	<u>485,961</u>	<u>542,514</u>
Total Assets	7,593,928	7,999,829	8,408,400
Long Term Liabilities	2,109,757	2,332,765	2,551,228
Other Liabilities	<u>22,891</u>	<u>20,584</u>	<u>17,441</u>
Total Liabilities	2,132,648	2,353,349	2,568,669
Invested Net Position	5,088,305	5,119,164	5,334,791
Unrestricted Net Position	<u>372,975</u>	<u>527,316</u>	<u>504,940</u>
Total Net Position	<u>5,461,280</u>	<u>5,646,480</u>	<u>5,839,731</u>
Operating Revenue	1,024,739	983,408	951,997
Non-Operating Revenue	1,567	2,761	(2,152)
Capital Contribution	<u>0</u>	<u>0</u>	<u>180,629</u>
Total Revenues	1,026,306	986,169	1,130,474
Operating Expenses	1,145,735	1,102,491	970,225
Non-Operating Expenses	<u>65,771</u>	<u>76,929</u>	<u>87,364</u>
Total Expenses	1,211,506	1,179,420	1,057,589
Beginning Net Position	5,646,480	5,839,731	5,766,846
Change in Net Position	<u>(185,200)</u>	<u>(193,251)</u>	<u>72,885</u>
Ending Net Position	<u>\$5,461,280</u>	<u>\$5,646,480</u>	<u>\$5,839,731</u>

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

The Cash Flow Statement shows the distribution of cash received and expended during the period. The notes to the financial statements contain important details which assist the user in gaining a full understanding of the statements.

Analysis for 2013 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 100 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. For 2013, the wastewater flow increased 22% due to return to normal weather. Maintenance activity included installing 200 feet of 8 inch sewer, rebuilding 4 large sewage pumps and 10 grinder pump systems. Three new connections were installed during the year.

The District's charges for services for 2013 increased \$41,331 from \$983,408 in 2012 to \$1,024,739 in 2013. Investment income remained about the same from 2012 to 2013. Operating expenses increased \$43,243 from \$1,102,491 in 2012 to \$1,145,734 in 2013. The increase was due to increases in personal services, utilities and materials. The net loss for the year is due mainly to depreciation expense.

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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

Analysis for 2013 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 2013, the residential users charge remained at \$43.00 per month.

For comparison, the Ohio EPA conducts an annual survey of 784 water and sewer utilities in Ohio each year. The most recent data shows an average residential annual sewer rate in Ohio for 2012 was \$581.00 compared to the District's 2012 residential rate of \$516.00. 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 \$1.39 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 \$44.94 users charge to produce the same purchasing power at the end of 2013. The \$23.00 monthly users charge in 1987 requires a rate of \$47.15 to achieve parity at the end of 2013. 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 2013. 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, 2013 was lower than December 31, 2012. The 2013 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

Analysis for 2012 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 82.13 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. For 2012, the wastewater flow decreased 23% due to dryer weather than the previous year. Maintenance activity included rebuilding two lift stations, several sewage pumps and 10 grinder pump systems. Three new connections were installed during the year.

The District's charges for services for 2012 increased \$31,411 from \$951,997 in 2011 to \$983,408 in 2012. Investment income decreased \$1,358 from \$2,679 in 2011 to \$1,321 in 2012. Operating expenses increased \$132,266 from \$970,225 in 2011 to \$1,102,491 in 2012. The increase was due to increases in personal services, utilities and materials. The net loss for the year is due mainly to depreciation expense.

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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

Analysis for 2012 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 2012, the residential users charge remained at \$43.00 per month.

For comparison, the Ohio EPA conducts an annual survey of 784 water and sewer utilities in Ohio each year. The most recent data shows an average residential annual sewer rate in Ohio for 2011 was \$557.00 compared to the District's 2011 residential rate of \$516.00. 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 \$1.39 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.

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, 2012 was slightly lower than December 31, 2011. The 2012 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
For the Years Ended December 31, 2013 and 2012

Capital Assets and Long-term Debt Activity:

The District's capital asset activity consists of construction projects and development of a replacement and rehabilitation plan for the sewage collection and pumping system. 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.

Other Potentially Significant Matters:

The District was not involved in any litigation during 2013 or 2012.

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, 2013 and 2012

STATEMENT OF NET POSITION
PROPRIETARY ENTERPRISE FUND
AS OF DECEMBER 31,

Current Assets	2013	2012
Cash and Cash Equivalents	\$ 255,676	\$ 313,066
Accounts Receivable	<u>163,825</u>	<u>172,895</u>
Total Current Assets	<u>419,501</u>	<u>485,961</u>
 Noncurrent Assets		
Land	93,976	93,976
Buildings	39,000	39,000
Treatment Facilities	2,727,616	2,727,616
Infrastructures	12,630,576	12,630,576
Machinery and Equipment	532,652	524,267
Construction in Progress	85,958	85,958
Less: Accumulated Depreciation	<u>(8,935,351)</u>	<u>(8,587,525)</u>
Net Noncurrent Assets	<u>7,174,427</u>	<u>7,513,868</u>
 Total Assets	 <u>7,593,928</u>	 <u>7,999,829</u>
 Liabilities and Net Position		
Current Liabilities		
Accounts Payable and Payroll Taxes	17,886	15,573
Advance Sewer Payments	5,005	5,011
Current Portion – Loan Payable	<u>171,547</u>	<u>228,582</u>
Total Current Liabilities	<u>194,438</u>	<u>249,166</u>
 Noncurrent Liabilities		
Compensated Absences	23,635	18,061
Loans Payable	<u>1,914,575</u>	<u>2,086,122</u>
Total Noncurrent Liabilities Payable	<u>1,938,210</u>	<u>2,104,183</u>
Total Liabilities	<u>2,132,648</u>	<u>2,353,349</u>
 Net Position		
Net investment in capital assets	5,088,305	5,119,164
Unrestricted Net Position	<u>372,975</u>	<u>527,316</u>
Total Net Position	5,461,280	5,646,480
 Total Liabilities and Net Position	 <u>\$ 7,593,928</u>	 <u>\$ 7,999,829</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, 2013 and 2012

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

Operating Revenue	2013	2012
Charges for Services	\$ 1,024,739	\$ 983,408
 Operating Expenses		
Personal Services	501,013	464,275
Contractual Services	46,225	64,839
Materials, Supplies and Equipment	105,442	94,707
Utilities	107,711	92,466
Depreciation	347,826	352,018
Other Operating Expenses	<u>37,518</u>	<u>34,186</u>
Total Operating Expenses	<u>1,145,735</u>	<u>1,102,491</u>
 Net Operating Income (Loss)	 <u>(120,996)</u>	 <u>(119,083)</u>
 Non-Operating Receipts (Expenses)		
Rent, Royalties and Interest on Investments	1,214	1,321
Interest and Fiscal Charges	(65,771)	(76,929)
Other Income	<u>353</u>	<u>1,440</u>
Total Non-Operating Receipts (Expenses)	(64,204)	(74,168)
 Change in Net Position	 (185,200)	 (193,251)
 Beginning Net Position Jan 1st	 <u>5,646,480</u>	 <u>5,839,731</u>
 Ending Net Position Dec 31st	 <u>\$ 5,461,280</u>	 <u>\$ 5,646,480</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, 2013 and 2012

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

Cash Flows From Operating Activities	2013	2012
Payments from Customers	\$ 1,033,803	\$ 969,679
Payments to Suppliers for Goods and Services	(296,895)	(286,196)
Payments to/for Employees, Benefits and related Taxes	<u>(493,126)</u>	<u>(462,161)</u>
Net Cash Provided By (Used For) Operating Activities	243,782	221,322
 Cash Flows From Non-Capital Financing Activities		
Payments from Miscellaneous Sales	<u>353</u>	<u>1,440</u>
Net Cash Provided By (Used For) Non-Capital Financing	353	1,440
 Cash Flows From Capital and Related Financing		
Payments for Capital Acquisitions	(8,385)	0
Principal Paid on Capital Debt	(228,581)	(216,391)
Interest Paid on Capital Debt	<u>(65,773)</u>	<u>(76,931)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(302,739)	(293,322)
 Cash Flows from Investing Activities		
Payments from Interest, Royalties and Rent	<u>1,214</u>	<u>1,321</u>
Net Cash Provided By (Used For) Investing Activities	1,214	1,321
 Net Increase (Decrease) in Cash and Cash Equivalents	(57,390)	(69,239)
Cash and Cash Equivalents January 1	<u>313,066</u>	<u>382,305</u>
Cash and Cash Equivalents December 31	<u>\$ 255,676</u>	<u>\$ 313,066</u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Net Operating Loss	\$ (120,996)	\$ (119,083)
Adjustments		
Depreciation	347,826	352,018
Increase (Decrease) in Accounts Receivable	9,070	(12,686)
Increase (Decrease) in Advance Payments Liability	(6)	(1,043)
Increase (Decrease) in Payroll Liabilities	2,313	4,186
Increase (Decrease) in Compensated Absences Liability	<u>5,575</u>	<u>(2,070)</u>
Total Adjustments	<u>364,778</u>	<u>340,405</u>
 Net Cash Provided By (Used For) Operating Activities	<u>\$ 243,782</u>	<u>\$ 221,322</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, 2013 and 2012

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 is the District's proprietary fund type:

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, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF ACCOUNTING - (continued)

The accounting and financial reporting treatment applied to the District's fund 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.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the District's 2012 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement did not result in any change in the District's financial statements.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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.

E. OPERATING AND NON-OPERATING EXPENSES

Operating expenses are defined as those payments for goods and services directly related to the delivery of sewer or water services. Personnel costs, contractual services, supplies and materials, utilities, and miscellaneous costs are operating expenses. Non-operating expenses have an indirect relationship to delivery of services. Payment for loan interest is the most common non-operating expense.

2. DEPOSITS

At December 31, 2013 and 2012, the carrying amount of the District's deposits was \$255,676 and \$313,066 respectively, and the bank balances were \$267,687 and \$327,948 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

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.

Non-Current Loans Payable Fiscal Year 2013

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2014
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9% Mat: 7/1/2014	\$ 190,183	\$ 0	\$ 125,195	\$ 64,988	\$ 64,988
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 184,506	\$ 0	\$ 21,966	\$ 162,540	\$ 23,289
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.77% Mat: 1/1/2026	\$ 245,853	\$ 0	\$ 13,143	\$ 232,710	\$ 13,913
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 512,022	\$ 0	\$ 27,450	\$ 484,572	\$ 28,000
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 1,147,806	\$ 0	\$ 35,096	\$ 1,112,710	\$ 35,625
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 4,875	\$ 0	\$ 1,950	\$ 2,925	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 7,950	\$ 0	\$ 2,650	\$ 5,300	\$ 2,650
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032	\$ 21,509	\$ 0	\$ 1,132	\$ 20,377	\$ 1,132
Total Obligations	\$ 2,314,704	\$ 0	\$ 228,582	\$ 2,086,122	\$ 171,547

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

Non-Current Loans Payable Fiscal Year 2012

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2013
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9% Mat: 7/1/2014	\$ 306,223	\$ 0	\$ 116,040	\$ 190,183	\$ 125,195
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 205,225	\$ 0	\$ 20,719	\$ 184,506	\$ 21,966
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026	\$ 258,270	\$ 0	\$ 12,417	\$ 245,853	\$ 13,143
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 538,930	\$ 0	\$ 26,908	\$ 512,022	\$ 27,449
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 1,182,381	\$ 0	\$ 34,575	\$ 1,147,806	\$ 35,097
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 6,825	\$ 0	\$ 1,950	\$ 4,875	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 10,600	\$ 0	\$ 2,650	\$ 7,950	\$ 2,650
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032	\$ 22,641	\$ 0	\$ 1,132	\$ 21,509	\$ 1,132
Total Obligations	\$ 2,531,095	\$ 0	\$ 216,391	\$ 2,314,704	\$ 228,582

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

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

Year(s) Ending Dec 31 st :	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2014	\$58,861	\$235,477	\$294,338
2015	\$46,508	\$108,786	\$155,294
2016	\$43,100	\$108,920	\$152,020
2017	\$39,525	\$111,170	\$150,695
2018	\$35,774	\$114,920	\$150,694
2019-2023	\$125,520	\$473,234	\$598,754
2024-2028	\$61,745	\$405,973	\$467,718
2029-2033	\$31,752	\$231,123	\$262,875
2034-2038	\$14,085	\$245,395	\$259,480
2039	\$578	\$51,124	\$51,702
	\$457,448	\$2,086,122	\$2,543,570

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 Position and the Statement of Net Position. 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 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 2013 and 2012, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2013 and 2012 member contribution rate was 10.0%. The 2013 and 2012 employer rate for local government employer units was 14.0% of covered payroll. The payroll covered by this pension system for 2013, 2012 and 2011 was \$329,557, \$255,448, and \$241,013 respectively. Actual employer contributions for pension obligations for those years were \$42,447 (92%), \$35,763 (100%) and \$33,742 (100%) for 2013, 2012 and 2011 respectively. Actual employee contributions were \$30,319 (92%), \$25,545 (100%) and \$24,101 (100%) which is 10.0% for 2013, 2012 and 2011 respectively of the above payroll amount. For 2013 the District changed the fringe benefit pickup plan to a salary reduction pickup plan.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 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 2013 and 2012 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 Traditional Plan was 1.0% and the Combined Plan was 1.0% for 2013. The portion of employer contributions allocated to health care members in the Traditional Plan was 4.0% and the Combined Plan was 6.05% for 2012. 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 2013, 2012 and 2011 were \$3,031, \$10,217 and \$13,415, respectively.

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

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

Statement of Changes in Capital Assets
 For the year ended December 31, 2013

Capital Assets	Balance at Jan 1, 2013	Additions	Deletions	Balance at Dec 31, 2013
Land	\$93,976	\$0	\$0	\$93,976
Construction in Progress:	\$85,958	\$0	\$0	\$85,958
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$12,630,576	\$0	\$0	\$12,630,576
Machinery/Equip.	\$524,267	\$8,385	\$0	\$532,652
Total Capital Assets:	\$16,101,393	\$8,385	\$0	\$16,109,778
Less Accum Depreciation:	\$(8,587,525)	\$(347,826)	\$0	\$(8,935,351)
Net Capital Assets:	\$7,513,868	\$(339,441)	\$0	\$7,174,427

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

7. CAPITAL ASSET MANAGEMENT (continued)

Statement of Changes in Capital Assets
 For the year ended December 31, 2012

Capital Assets	Balance at Jan 1, 2012	Additions	Deletions	Balance at Dec 31, 2012
Land	\$93,976	\$0	\$0	\$93,976
Construction in Progress	\$85,958	\$0	\$0	\$85,958
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$12,630,576	\$0	\$0	\$12,630,576
Machinery/Equip.	\$524,267	\$0	\$0	\$524,267
Total Capital Assets	\$16,101,393	\$0	\$0	\$16,101,393
Less Accum Depreciation	\$(8,235,507)	\$(352,018)	\$0	\$(8,587,525)
Net Capital Assets	\$7,865,886	\$(352,018)	\$0	\$7,513,868

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, 2013 and 2012

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STATISTICAL

SECTION

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**ATWOOD REGIONAL WATER AND SEWER DISTRICT
DEMOGRAPHIC SUMMARY 2013**

EMPLOYMENT (1)

Employer:	Employees:
Atwood Lake Resort and Conference Center	78
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	\$ 2,439,030
Dellroy, Carroll County	\$ 3,323,540
Monroe Township, Carroll County	\$ 52,672,860
Warren Township, Tuscarawas County	\$ 30,264,220

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)

CUSTOMER	% of Revenue Base
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 Position by Component**

Fiscal Year	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net Investment in Capital Assets	\$5,088,305	\$5,199,164	\$5,334,791	\$5,271,046	\$6,089,140	\$5,959,792	\$5,691,402	\$5,798,642	\$5,860,441	\$5,975,832
Unrestricted Net Position	372,975	447,316	504,940	495,800	(277,992)	(139,770)	319,582	313,891	305,621	323,495
Total Net Position	\$5,461,280	\$5,646,480	\$5,839,731	\$5,766,846	\$5,811,148	\$5,820,022	\$6,010,984	\$6,112,534	\$6,166,062	\$6,299,327

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Residential User Equivalent Rate	43.00	\$43.00	\$43.00	\$40.00	\$38.00	\$38.00	\$36.00	\$36.00	\$34.00	\$34.00
Optional Commercial Rate per 1000 gallons	9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Loan Balance December 31st	\$ 2,086,122	\$2,314,704	\$ 2,531,095	\$ 2,545,125	\$ 2,457,180	\$ 2,162,257	\$ 2,043,846	\$ 2,113,684	\$ 2,094,977	\$ 2,186,552
Interest Paid	\$ 65,771	\$76,929	87,364	97,125	86,975	95,678	113,597	115,018	122,439	129,167
Debt Retired	\$228,581	\$216,391	203,867	193,215	150,201	164,841	207,161	144,034	136,007	202,796
Total Debt Service	\$ 294,352	\$293,320	291,231	290,340	237,176	260,519	320,758	259,052	258,446	331,963
Debt Coverage	3.5	3.4	3.3	3.2	3.8	3.4	2.7	3.2	3.1	2.6
Debt per Customer	\$ 1,676	\$1,859	\$ 2,025	\$ 2,036	\$ 1,966	\$ 1,730	\$ 1,635	\$ 1,691	\$ 1,676	\$ 1,749

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 Position
Ten Year History

Operating Revenue	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Charges for Services	\$ 1,024,739	\$ 983,408	\$ 951,997	\$ 931,483	\$ 893,735	\$ 888,370	\$ 851,471	\$ 833,024	\$ 808,203	\$ 854,870
Operating Expenses										
Personal Services	501,013	464,275	426,057	414,181	339,394	385,342	339,923	277,464	314,166	310,771
Contractual Services	46,225	64,839	41,869	63,171	41,459	52,145	31,241	34,478	24,456	23,903
Materials, Supplies, Equipment	105,442	94,707	83,135	63,167	46,813	131,312	81,368	71,090	91,843	75,439
Utilities	107,711	92,466	90,203	91,587	91,486	83,658	75,034	75,958	75,483	75,093
Depreciation	347,826	352,018	297,015	296,299	305,345	302,065	294,924	294,049	291,650	291,514
Other Operating Expenses	37,518	34,186	31,946	35,017	34,612	39,033	33,591	32,717	29,744	34,845
Total Operating Expenses	1,145,735	1,102,491	970,225	963,422	859,109	993,555	856,081	785,756	827,342	811,565
Net Operating Income(Loss)	\$ (120,996)	\$ (119,083)	(18,228)	(31,939)	34,626	(105,185)	(4,610)	47,268	(19,139)	43,305
Non-Operating Revenue(Expenses)										
Rent, Royalties, Interest on Investments	1,214	1,321	2,679	2,305	3,241	9,899	16,624	14,225	8,313	5,347
Interest and Fiscal Charges	(65,771)	(76,929)	(87,364)	(97,125)	(86,975)	(95,678)	(113,597)	(115,018)	(122,439)	(126,313)
Other non-operating Revenue	353	1,440	2,194	66,498	40,234	-	32	-	-	-
Other non-operating Expenses	0	0	(7,025)	(3,411)	-	-	-	-	-	(2,854)
Net Income before Captial Contributions	\$ (185,200)	\$ (193,251)	(107,744)	(63,672)	(8,874)	(190,964)	(101,551)	(53,525)	(133,265)	(80,515)
Capital Contributions	0	0	180,269	19,370	-	-	-	-	-	44,000
Change in Net Position	\$ (185,200)	\$ (193,251)	72,525	(44,302)	(8,874)	(190,964)	(101,551)	(53,525)	(133,265)	(36,515)
Beginning Net Position January 1st	5,646,480	5,839,731	5,766,846	5,811,148	5,820,025	6,010,986	6,112,534	6,166,062	6,299,327	6,335,842
Ending Net Position December 31st	\$ 5,461,280	\$ 5,646,480	\$ 5,839,371	\$ 5,766,846	\$ 5,811,151	\$ 5,820,022	\$ 6,010,983	\$ 6,112,537	\$ 6,166,062	\$ 6,299,327

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 ₄ (ppm)	Influent BOD (ppm)	Solids (ppm)	NH ₄ (ppm)	Yrly Oxygen Demand (tons)	Yrly Solids Removed (tons)
2013	0.275	0.995	0.558	0.356	161.000	159.000	10.000	66.97	66.32
2012	0.225	0.999	0.483	0.280	203.000	188.000	10.000	69.18	64.22
2011	0.294	1.093	0.580	0.285	202.000	148.000	10.000	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

2013									
Annual Wastewater Treated						100.38		Million Gallons	
Annual Solids Removed						66.32		Tons	
Annual Biochemical Oxygen Demand (BOD)						66.97		Tons	
Annual Ammonia Removed						4.04		Tons	
2013 Average Daily Flow						275,000		Gallons	
Pollutant:	Daily ppm		Discharge Limits Lbs		Average Daily Discharge (lbs)		Average Daily Removed (lbs)		
Suspended Solids	8.0		15.01		1.28		363.39		
Biochemical Oxygen Demand	7.0		13.14		2.28		366.97		
Ammonia (NH ₄)	1.5		2.81		0.82		22.12		

2013 Avg Daily Flow (1000 Gals)	275.0	Operating cost/1000 gal:	\$11.41
Total Flow 2013 in 1000 Gal	100,375	Debt Svc per 1000 gal:	\$2.93
Total 2013 Expense other than Capital Improvements Outlay	\$1,145,735	Total Cost per 1000 gal:	\$14.35

Source: Atwood Regional Water and Sewer District Records



Dave Yost • Auditor of State

ATWOOD WATER 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 5, 2014**