

*ATWOOD REGIONAL WATER  
AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended December 31, 2005





**Auditor of State  
Betty Montgomery**

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 Kevin L. Penn, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 13, 2006

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**ATWOOD REGIONAL WATER AND SEWER DISTRICT**

**Carroll and Tuscarawas Counties, Ohio**

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## **INTRODUCTORY SECTION**

Atwood Regional Water and Sewer District  
PO Box 100  
Dellroy OH 44620  
330-343-2113

June 30, 2006

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, 2005 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 2004 and 2005. 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 annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, an organizational chart, and a list of the Atwood Regional Water and Sewer District's principal officials. The financial section includes the financial statements and notes to the basic financial statements. The statistical section includes selected operating, financial, and demographic information.

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 2005, the District celebrated its thirty fifth 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, and official records management. In 2003 the Board added the Secretary-Treasurer's responsibility as an additional duty for the Superintendent. It also created a Chief of Operations and Training position and a full time office secretary. 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 provided for stable recreation and flood control activities in the area.

The District and surrounding counties have benefited 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.

### **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 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 2004 and 2005.

**Other Information (continued):**

The biennial audit and audit report will be reviewed and approved 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 2002 and 2003.

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, 2001. 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. This report has been submitted to the GFOA to determine its eligibility for another certificate.

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 2005. Ten year revenue and expenditure trend data are presented together with other relevant statistical information.

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

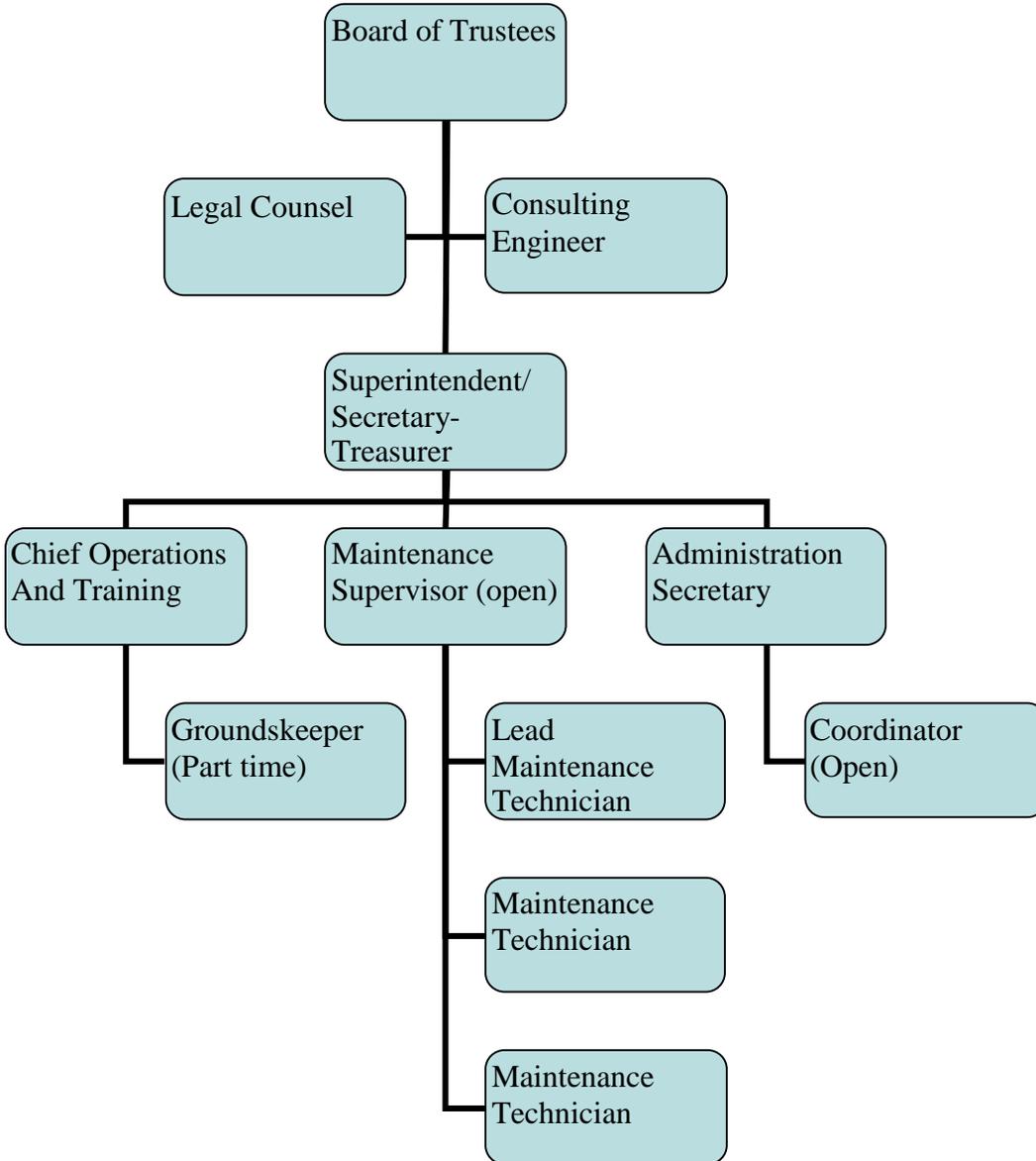
Sincerely,

Atwood Regional Water and Sewer District

Superintendent/Secretary-Treasurer

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

Fiscal Year 2005  
Organization Chart



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

ADMINISTRATIVE PERSONNEL  
as of December 31, 2005

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Larry Dunlap	Trustee	8/21/04 to 08/21/07	[A]	\$200,000	covers term
Michael Shepperson	Trustee	2/11/02 to 02/11/05	[A]	\$200,000	covers term
Philip Stern	Trustee	8/19/02 to 8/19/05	n/a	n/a	n/a
John R. Boynton	President	7/15/04 to 7/15/07	n/a	n/a	n/a
Ed Davy	Trustee	2/19/02 to 2/19/05	n/a	n/a	n/a
Chris Stefanov	Trustee	2/19/05 to 2/19/08	n/a	n/a	n/a
Jean Griffeth	Vice President	8/20/04 to 8/20/07	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	[B]	\$50,000	Covers term
	Secretary/Treasurer				
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 - Surety coverage for all employees except Treasurer \$200,000 aggregate.

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

Staff:

Full Time:

Ben Reardon     Lead Mechanic  
Garry Daniels    Mechanic – Operator  
Tom Slutz        Mechanic – Operator  
Mike Chitte      Chief Operations/Training  
Vicki Winkler    Secretary

Part Time:

James Smitley    Grounds Maint.

## FINANCIAL SECTION



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  
Fremont, Ohio

I have audited the accompanying financial statements of the Atwood Regional Water and Sewer District, as of December 31, 2004 and 2005 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, 2004 and 2005, and the changes in financial position and cash flows, where applicable, of its proprietary fund type for the years ended December 31, 2004 and 2005 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 8 – 11, 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.

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 5, 2006

## 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 emphasis determination of net income. All revenues earned and all expenses incurred are reported in this statement.

Condensed Financial Data:	<u>2005</u>	<u>2004.....</u>	<u>....2003</u>
Capital Assets:	\$7,955,418	\$8,180,010	\$ 8,515,313
Other Assets	<u>\$ 338,340</u>	<u>\$ 338,505</u>	<u>\$ 208,337</u>
Total Assets:	\$8,293,758	\$8,518,515	\$ 8,723,650
Long Term Liabilities:	\$2,113,534	\$ 2,204,177	\$ 2,371,935
Other Liabilities	<u>\$ 14,162</u>	<u>\$ 15,011</u>	<u>\$ 15,873</u>
Total Liabilities:	\$2,127,696	\$2,219,188	\$ 2,387,808
Invested Net Assets	\$5,860,441	\$5,993,459	\$ 6,154,637
Unrestricted Net Assets	<u>\$ 305,621</u>	<u>\$ 305,868</u>	<u>\$ 181,205</u>
Total Net Assets:	\$6,166,062	\$6,299,327	\$ 6,335,842
Operating Revenue:	\$ 808,203	\$ 854,870	\$ 767,731
Non-Operating Revenue:	<u>\$ 8,313</u>	<u>\$ 49,347</u>	<u>\$ 4,117</u>
Total Revenues:	\$ 816,516	\$ 904,217	\$ 771,848
Operating Expenses	\$ 827,342	\$ 811,565	\$ 811,283
Non-operating expense:	<u>\$ 122,439</u>	<u>\$ 129,167</u>	<u>\$ 123,294</u>
Total Expenses	\$ 949,781	\$ 940,732	\$ 934,577
Change in net assets:	\$ (133,265)	\$ (36,515)	\$ (162,729)
Ending Net assets:	\$ 6,166,062	\$6,299,327	\$ 6,335,842

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.

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

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 116.9 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.

The maintenance activity included a rehabilitation of lift station 2 with new pumps, piping and control panel. The staff rebuilt several sewage pumps, and thirty grinder pumps.

The staff continued repair on three rapid sand filters which provide final polishing of the effluent prior to disinfection, re-aeration and discharge to the receiving stream. The filters have been in continuous operation since July 1979. The first filter cell was cleaned and filter media replaced in 2004. The second and third filter cells were repaired in 2005 which included the replacement of clay under-drain blocks with plastic blocks in one filter cell.

Construction progressed on the sewer extension on Dawn Road north of Sherrodsville. The Eastern Ohio Basketball Camp was connected in June, which represents 56 user equivalents. Six new residential connections were installed during the year. Projects for next year include installation of a relief pump station at the plant to improve pump efficiencies at upstream stations. The draft of Ohio EPA's renewal for the 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 commenced selection process for engineering services in September.

The District's charges for services for 2005 decreased \$46,667 from \$854,870 in 2004 to \$808,203 in 2005 as a result of lower connection/impact fee receipts. Investment income increased \$3,491 from \$4,697 in 2004 to \$8,188 in 2005 as a result of higher oil and gas royalties and rising interest rates. Operating expenses increased slightly from \$811,565 in 2004 to \$828,326 in 2005. The net loss for the year is due mainly to unfunded depreciation.

### **Budget Summary:**

The District funds its operations through a users 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 annual budget is the main document used to comply with this regulation. The budget estimates revenues and expenditures for the year and helps track the actual progress. The District is not required to follow formal tax budget requirements of the Ohio Revised Code, however it does prepare an operating budget.

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. The \$34.00 monthly residential users charge became effective on January 1, 2004. Commercial users have additional fixtures charges to compensate for increased loadings in addition to the base charge of \$34.00 per month.

## **Budget Summary: (continued)**

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 2004 was \$413.00 compared to the District's 2004 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 weighs 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 \$1.12 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 \$33.76 users charge to produce the same purchasing power at the end of 2005. The \$23.00 monthly users charge in 1987 requires a rate of \$40.23 to achieve parity in 2005. 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 2005.

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, 2005 remained nearly the same as it was at the end of 2004. The actual budgeted operating expenses were slightly under budget. Depreciation is not funded in the budget which causes an operating loss for the year. The budget changes were typical 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. A detailed debt schedule is presented in the notes to the basic financial statements. The OWDA construction loan remains open and in a disbursing status while the improvements are completed. The requested loan amount was \$ 731,390 of which \$509,094 has been disbursed. A five year demand water resource note of \$135,000 held by Citizens Bank is being amortized over five years.

### **Other Potentially Significant Matters:**

The District resolved the construction litigation in March 2005. Two connection compliance complaints remain active. Please refer to the notes to the basic financial statements for details on active litigation.

**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 Larry Lloyd, Secretary/Treasurer at the Atwood Regional Water and Sewer District, P.O. Box 100, Dellroy, Ohio 44620.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
STATEMENT OF NET ASSETS  
DECEMBER 31,

ASSETS	<u>2005</u>	<u>2004</u>
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 1)	\$ 222,848	\$ 225,521
Accounts Receivable	<u>115,492</u>	<u>112,984</u>
Total Current Assets	338,340	338,505
<b>Noncurrent Assets</b>		
Land	172,832	172,832
Buildings	39,000	39,000
Treatment Facilities	2,727,616	2,727,616
Infrastructures	10,925,969	10,826,255
Machinery and Equipment	444,807	433,707
Construction in Progress	<u>91,003</u>	<u>143,659</u>
	14,401,227	14,343,069
Less Accumulated Depreciation	<u>6,445,809</u>	<u>6,163,059</u>
Net Noncurrent Assets	<u>7,955,418</u>	<u>8,180,010</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,293,758</u></u>	<u><u>\$ 8,518,515</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable and Payroll Taxes	\$ 9,048	\$ 9,014
Advance Sewer Payments	5,114	5,997
Current Portion - Loan Payable	<u>143,506</u>	<u>135,791</u>
Total Current Liabilities	157,668	150,802
<b>Noncurrent Liabilities</b>		
Compensated Absences	18,557	17,626
Loan Payable	<u>1,951,471</u>	<u>2,050,760</u>
Total Noncurrent Liabilities	1,970,028	2,068,386
Total Liabilities	2,127,696	2,219,188
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	5,860,441	5,975,832
Unrestricted Assets	<u>305,621</u>	<u>323,495</u>
Total Net Assets	<u>6,166,062</u>	<u>6,299,327</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,293,758</u></u>	<u><u>\$ 8,518,515</u></u>

The accompanying notes are an integral part of the financial statements.

ATWOOD REGIONAL WATER AND SEWER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	<u>2005</u>	<u>2004</u>
<b>OPERATING REVENUE</b>		
Charges for Services	\$ 808,203	\$ 854,870
<b>OPERATING EXPENSES</b>		
Personal Services	314,166	310,771
Contractual Services	24,456	23,903
Materials, Supplies, and Equipment	91,843	75,439
Utilities	75,483	75,093
Depreciation	291,650	291,514
Other Operating Expenses	<u>29,744</u>	<u>34,845</u>
Total Operating Expenses	<u>827,342</u>	<u>811,565</u>
<b>NET OPERATING INCOME (LOSS)</b>	(19,139)	43,305
<b>NON-OPERATING RECEIPTS (EXPENSES)</b>		
Rent, Royalties and Interest on Investments	8,313	5,347
Interest and Fiscal Charges	(122,439)	(126,313)
Loss on Sale of Capital Assets	-	(2,314)
Other Non-Operating Revenues (Expenses)	-	<u>(540)</u>
Total Non-Operating Receipts (Expenses)	<u>(114,126)</u>	<u>(123,820)</u>
Income Before Special Items	(133,265)	(80,515)
Settlement from Lawsuits	<u>-</u>	<u>44,000</u>
<b>CHANGE IN NET ASSETS</b>	(133,265)	(36,515)
<b>NET ASSETS - DECEMBER 31, 2004</b>	<u>6,299,327</u>	<u>6,335,842</u>
<b>NET ASSETS - DECEMBER 31, 2005</b>	<u><u>\$ 6,166,062</u></u>	<u><u>\$ 6,299,327</u></u>

The accompanying notes are an integral part of the financial statements.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31,

	2005	2004
<b>Cash Flows from Operating Activities:</b>		
Payments from Customers:	\$ 805,695	\$ 851,588
Payments to Suppliers for Goods and Services:	(222,409)	(208,786)
Payments to/for Employees, Benefits, and related Taxes:	(313,201)	(310,771)
Net cash Provided By (Used For) Operating Activities	270,085	332,031
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from Lawsuit Settlement	-	44,000
Net Cash Provided By (Used For) Capital and Related Financing Activities:	-	44,000
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Capital Debt:	44,433	33,680
Payments for Capital Acquisitions:	(66,075)	(48,526)
Principal Paid on Capital Debt:	(136,007)	(202,796)
Proceeds from Sale of Assets	-	90,000
Interest Paid on Capital Debt:	(122,439)	(124,590)
Net Cash Provided By (Used For) Capital and Related Financing Activities:	(280,088)	(252,232)
<b>Cash flows from Investing Activities:</b>		
Payments from Interest, Royalties, and Rent:	7,330	3,087
Net Cash Provided By (Used For) Investing Activities:	7,330	3,087
Net Increase (Decrease) in Cash and Cash Equivalents:	(2,673)	126,886
Cash and Cash Equivalents January 1:	225,521	98,635
Cash and Cash Equivalents December 31:	\$ 222,848	\$ 225,521
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Net Operating Income:	\$ (19,139)	\$ 43,305
<b>Adjustments:</b>		
Depreciation Expenses	291,650	291,514
Increase (Decrease) in Accounts Receivable	(2,508)	(3,282)
Increase (Decrease) in Advance Payments Liability	(883)	500
Increase (Decrease) in Compensated Absences Liability	931	1,357
Increase (Decrease) in Payroll Liabilities	34	(1,363)
Net Cash Provided By (Used For) Operating Activities	\$ 270,085	\$ 332,031

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, 2004 and 2005

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, 2004 and 2005

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 by the U.S. Government; and paper currency as cash. 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, 2005 and 2004, the carrying amount of the District's deposits was \$222,848 and \$225,521 respectively, and the bank balances were \$363,668 and \$353,900, 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  
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2. **DEPOSITS** (continued)

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 four 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 \$44,433 was disbursed during 2005 for capital assets.

Non-Current Loans Payable Fiscal Year 2005

Obligation	Bal Jan 1	Issued	Retired	Bal Dec 31	Due 2006
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9 % Mat: 7/1/2014	\$ 912,648	\$ 0	\$ 68,193	\$ 844,455	\$ 73,573
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 320,803	\$ 0	\$ 13,761	\$ 307,042	\$ 14,175
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.77% Mat: 1/1/2026	\$ 327,947	\$ 0	\$ 8,338	\$ 319,609	\$ 8,826
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 441,713	\$ 44,433	\$ 23,409	\$ 462,737	\$ 23,815
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat 7/1/2015	\$ 20,475	\$ 0	\$ 1,950	\$ 18,525	\$ 1,950
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 29,150	\$ 0	\$ 2,650	\$ 26,500	\$ 2,600
Citizens Bank Loan 2004 Variable Interest Rate 4.96% Mat: 8/25/2009	\$ 133,815	\$ 0	\$ 17,706	\$ 116,109	18,567
<b>Total Obligations</b>	<b>\$ 2,186,551</b>	<b>\$ 44,433</b>	<b>\$ 136,007</b>	<b>\$ 2,094,977</b>	<b>143,506</b>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties Ohio  
 Notes to the Basic Financial Statements  
 For the Years Ended December 31, 2004 and 2005

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

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

Year	Principal	Interest	Total
2006	\$ 140,764	\$ 117,872	\$ 258,636
2007	\$ 149,452	\$ 110,114	\$ 259,566
2008	\$ 158,105	\$ 101,840	\$ 259,945
2009	\$ 204,040	\$ 92,277	\$ 296,317
2010	\$ 155,284	\$ 82,167	\$ 237,451
2011-2015	\$ 798,445	\$ 268,938	\$1,067,383
2016-2020	\$ 367,099	\$ 106,020	\$ 473,119
2021-2026	<u>\$ 121,788</u>	<u>\$ 39,440</u>	<u>\$ 161,228</u>
Total	<u>\$2,094,977</u>	<u>\$ 918,668</u>	<u>\$3,013,645</u>

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 employees' 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, 2004 and 2005

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) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2005 member contribution rates were 8.5%. The 2005 employer contribution rate for local government employer units the rate was 13.55% of covered payroll.

The payroll covered by this pension system for 2005, 2004, and 2003, was \$224,619, \$206,149, and \$195,575, respectively. Actual employer contributions for those years were \$28,001(92%), \$27,933(100%), and \$26,500 (100%), which is 13.55% of above payroll. The actual employee contributions were \$17,565(92%), \$17,523(100%), and \$16,624(100%), which is 8.5% respectively of the above payroll amount. The District provides a fringe benefit pickup plan for full time employees.

6. **POST-EMPLOYMENT BENEFITS**

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2005

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

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 2005 employer contribution rate for local government employer units was 13.55% of covered payroll, of which 4.00% 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, 2004. 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 2004 was 8.00%. 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 1% to 6% 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 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. 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 was \$10,375. \$10.8 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties Ohio  
 Notes to the Basic Financial Statements  
 For the Years Ended December 31, 2004 and 2005

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

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, which will allow additional funds to be allocated to the health care plan.

7. **CAPITAL ASSET MANAGEMENT**

The District records fixed assets at cost or estimated historical cost if purchased or constructed. As a proprietary enterprise fund, the District's 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. Fixed 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 fixed assets:

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

Statement of Changes in Fixed Assets  
 For the year ending December 31, 2005

Fixed Assets	Bal. Jan. 1, 2005	Additions	Deletions	Bal. Dec. 31, 2005
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	\$10,826,255	\$99,714	\$0	\$10,925,969
Machinery/Equip.	\$433,707	\$20,000	\$8,900	\$444,807
Total Fixed Assets:	\$14,199,410	\$119,714	\$8,900	\$14,310,224
Less Accum. Depreciation:	\$(6,163,059)	\$(291,650)	\$8,900	\$(6,445,809)
Construction in Progress:	\$143,659	\$4,129	\$(56,785)	\$91,003
Net Fixed Assets:	\$8,180,010	\$(167,807)	\$(56,785)	\$7,955,418

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties Ohio  
 Notes to the Basic Financial Statements  
 For the Years Ended December 31, 2004 and 2005

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

Statement of Changes in Fixed Assets  
 For the fiscal year ended December 31, 2004

Fixed Assets	Bal. Jan. 1, 2004	Additions	Deletions	Bal. Dec. 31, 2004
Land	\$265,147	\$0	\$92,315	\$172,832
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$10,433,998	\$392,257	\$0	\$10,826,255
Machinery/Equip.	\$452,707	\$0	\$19,000	\$433,707
Total Fixed Assets:	\$13,918,468	\$392,257	\$111,315	\$14,199,411
Less Accum. Depreciation	\$(5,890,545)	\$(291,514)	\$19,000	\$(6,163,059)
Construction in Progress	\$487,390	\$5,000	\$348,731	\$841,121
Net Fixed Assets	\$8,515,313	\$105,743	\$441,046	\$8,180,010

8. **BUDGETARY DATA**

Since the District does not levy taxes, a tax budget is not required by the Ohio Revised Code. The District's Rules and Regulations require the Board of Trustees to adopt an annual budget which serves as a financial plan for the year. The legal level of control is at the fund level which allows management to adjust individual budget items within the overall budget available. Annually, management prepares a statement of estimated receipts, expenses, and debt charges expected to occur in the ensuing year as required by ORC 5705.28. The Board adopts an annual budget appropriation resolution based on the operating requirements, approved capital improvements and contingency fund commitments. Further, all purchases over \$1,000 require prior board approval which effectively appropriates the funds for the purchase. Project length budgets are prepared in addition to annual budgets for capital improvements. Encumbrances are used for complex purchases or those requiring several months delivery. Encumbrances expire at the end of the fiscal year and are reestablished for the next fiscal year. The budget is prepared on a Non-GAAP budget basis which omits depreciation and certain other accruals.

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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2005

10. **CONTINGENCIES**

As of December 31, 2004, unpaid construction mechanic's liens against the District totaled \$7,500. This claim was fully resolved in 2005 by the contractor, Myers Contracting and the project surety, Gulf States Insurance Company.

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, 2005, these complaints are pending litigation. It is the opinion of District legal counsel that the outcome of these complaints will be favorable and will not materially affect the District's financial position. Management is not aware of any other claims against the District.

## STATISTICAL SECTION

**ATWOOD REGIONAL WATER AND SEWER DISTRICT  
DEMOGRAPHIC SUMMARY 2003**

**EMPLOYMENT**

Employer:	Employees:
Atwood Lake Resort and Conference Center	105
Atwood Lake Boats	25
Muskingum Watershed Conservancy District	92
Carrollton Exempted Schools	25
Tuscarawas Valley Schools	9

Source: Atwood Regional Water and Sewer District

**COMMUNITY POPULATION (2000 Census as revised)**

Subdivision:	Population:
Sherrodsville, Carroll County	320
Dellroy, Carroll County	298
Monroe Township, Carroll County	1,930
Warren Township, Tuscarawas County	1,194
Carroll County	29,576
Tuscarawas County	92,221

Source: US Census Bureau

**COMMUNITY TAX VALUATION**

Subdivision:	
Sherrodsville, Carroll County	\$ 2,391,820
Dellroy, Carroll County	\$ 3,269,260
Monroe Township, Carroll County	\$ 45,774,460
Warren Township, Tuscarawas County	\$ 27,490,240

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
1995	\$1,845,938	\$133,694	\$40,555	\$174,249
1996	\$1,798,780	\$130,715	\$47,159	\$177,874
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	\$2,186,551	\$124,590	\$202,796	\$327,386
2005	\$2,094,977	\$122,439	\$136,007	\$258,446
Total		\$1,428,154	\$882,551	\$2,310,705

Source: Atwood Regional Water and Sewer District

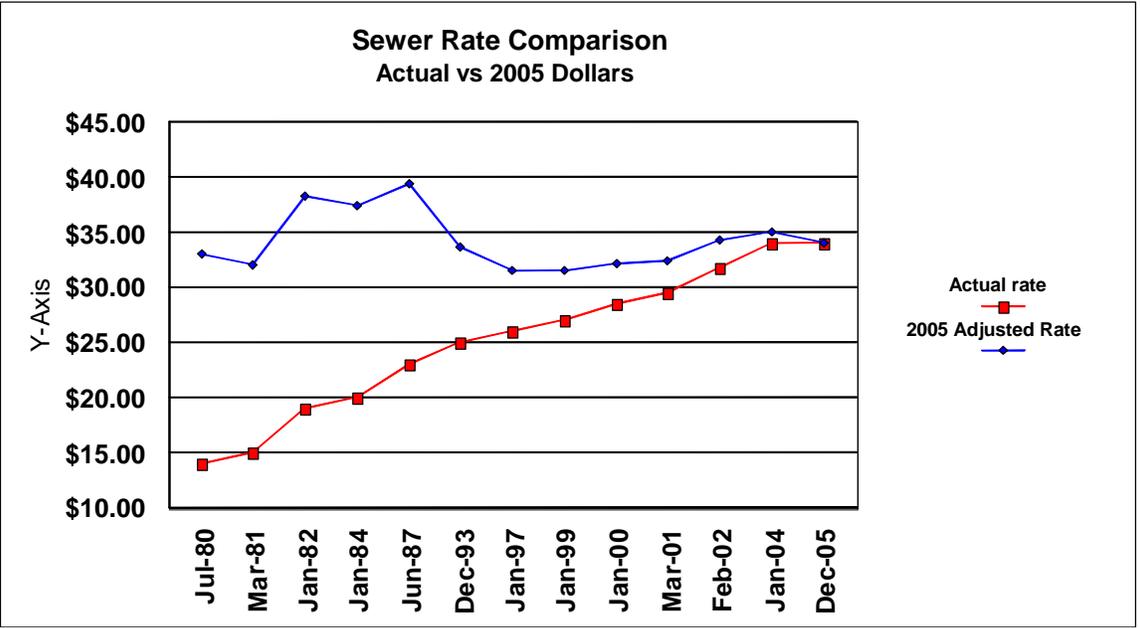
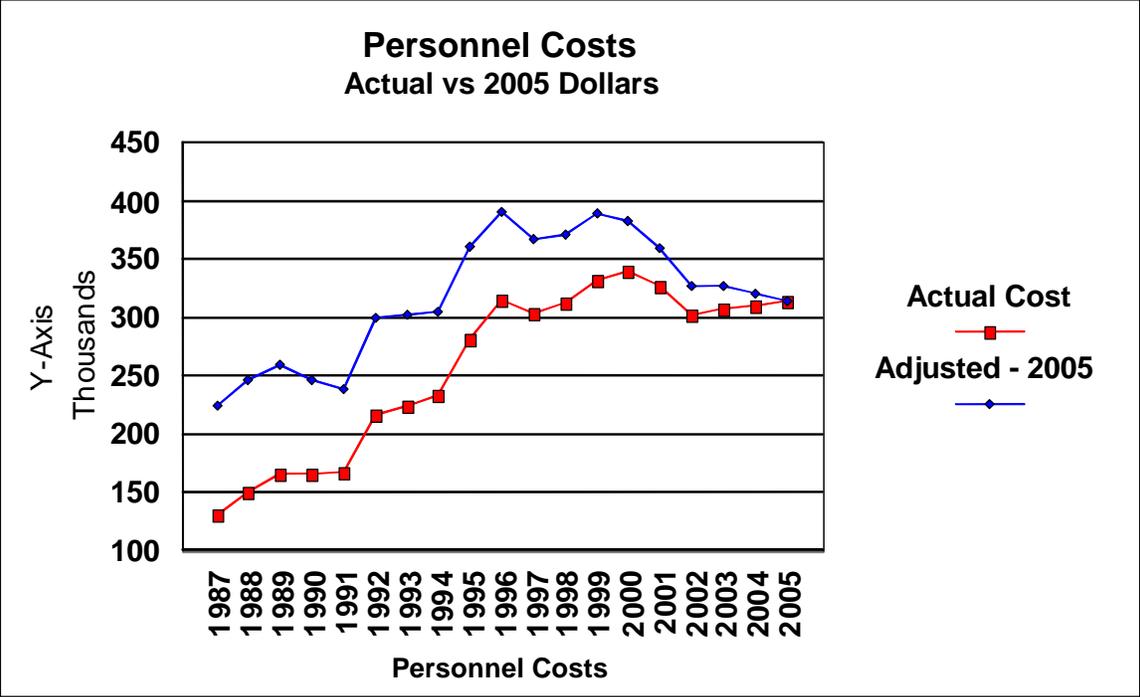
Atwood Regional Water and Sewer District  
Carroll and Tuscarawas Counties, Ohio

Principal Customers

1. Atwood Resort (MWCD)
2. Atwood Lake Park (MWCD)
3. Atwood Yacht Club
4. Carrollton Exempted Schools (Dellroy Elementary)
5. Dellroy Laundromat
6. Atwood Lake Boats (Atlamar)
7. Tusky Valley Local Schools (New Cumberland Elementary)
8. Conotton Valley Local Schools (Sherrodsville Elementary)
9. U.S. Army Corps of Engineers (Park and Office)
10. Casablanca Restaurant

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

Source: Atwood Regional Water and Sewer District



Atwood Regional Water and Sewer District  
TEN YEAR HISTORICAL SUMMARY

Revenues by Source

Year:	Charges for Services	Interest	Loans & Grants	Total
1995	\$546,748	\$15,890	\$245,434	\$808,072
1996	\$608,692	\$18,913	\$54,448	\$682,053
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

Source: Atwood Regional Water and Sewer District

Atwood Regional Water and Sewer District  
TEN YEAR HISTORICAL SUMMARY

Expenditures by Type

	Personnel	Contract	Other Operating				Loan Ret	Other Non-Operating Expense
	Services	Services	Materials	Utilities	Expense	Interest		
1995	\$284,455	\$14,086	\$170,365	\$55,319	\$27,243	\$133,854	\$40,395	\$600
1996	\$315,200	\$44,220	\$90,876	\$58,130	\$17,672	\$130,718	\$47,156	\$147
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	\$310,771	\$23,903	\$75,439	\$75,093	\$34,845	\$126,313	\$202,796	\$2,854
2005	\$314,166	\$24,456	\$91,843	\$75,483	\$29,744	\$122,439	\$136,007	\$0

Source: Atwood Regional Water and Sewer District

TEN YEAR OPERATIONS SUMMARY

AVE DAILY		EFFLUENT (ppm)			INFLUENT (ppm)			Yrly Oxygen	Yrly Solids
YEAR	FLOW (mgd)	BOD	SOLIDS	AMMONIA	BOD	SOLIDS	AMMONIA	Demand (tons)	Removed (tons)
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
1996	0.209	1.967	2.842	0.604	156.925	152.058	10.000	49.31	47.49
1995	0.164	2.658	2.342	0.469	162.575	157.075	10.000	39.98	38.68

**2005**

Annual Wastewater Treated:	116.90	Million Gallons
Annual Solids Removed:	78.74	Tons
Annual Biochemical Oxygen Demand (BOD) :	124.46	Tons
Annual Ammonia Removed:	4.73	Tons

**2005**

Average Daily Flow: 320,267 Gallons

Pollutant:	Daily Discharge Limits		Average Daily	
	Ppm	lbs limits	Dischg (lbs)	Removed (lbs)
Suspended Solids:	8.0	21.37	4.81	431.46
Biochemical Oxygen Demand:	7.0	18.70	4.47	681.98
Ammonia:	1.5	4.01	0.82	25.89

AVG DAILY FLOW IN 1000 GALS	320.3	Operating cost/1000 gal:	\$7.08
Total 2005 in 1000 gal:	116,897	Debt svc per 1000 gal:	<u>\$2.21</u>
Total 2005 Expense other than		Cost per 1000 gal:	\$9.29
Capital Improvements outlay:	\$827,342		

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, 2004 and 2005

Atwood Regional Water and Sewer District  
Audit Report  
For the Years Ended December 31, 2004 and 2005

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Kevin L.  
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**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, 2004 and 2005, and have issued my report thereon dated May 5, 2006. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**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 5, 2006.

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

Kevin L. Penn, Inc.

May 5, 2006

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2004 and 2005

There were no audit findings, during the 2002 and 2003 fiscal year.



**Auditor of State  
Betty Montgomery**

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**ATWOOD REGIONAL WATER AND SEWER DISTRICT**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 25, 2006**