

*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, 2014



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, 2014

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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 30, 2015

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, 2014 is presented in compliance with statutory requirements of the Ohio Revised Code. Charles Harris and Associates will perform a biennial audit for the fiscal years 2014 and 2015. The completed audit report will be 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 2014, the District celebrated its forty fourth 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 2014**

The District initiated new payment procedures in 2014. Credit and debit card payments are taken over the phone. Customers may also set up recurring debit/credit card payments which are made on a specified date each month. The late payment penalty was revised to apply to entire unpaid balance. Also a remote deposit procedure was established to process regular check payments.

The District purchased a van trailer for safety equipment and materials needed for repair and replacement to sewer system. The phone system was upgraded in March. The impellers were replaced on several large sewage pumps. The District installed a wash water receiving station at the wastewater treatment plant to provide disposal for bridge wash water and hydrostatic test water. Three residential services were also installed during the year.



The unemployment claim in 2013 was finally resolved in the District's favor. A senior staff member medically retired in September 2014. At the end of the year, an experienced wastewater operator was scheduled to begin in January 2015.

A sludge disposal site adjacent to the wastewater treatment plant was investigated and recommended to the Board of Trustees. In December, the Board of Trustees authorized a head-works improvement project which includes a one million gallon flow equalization basin and grit removal system.

### **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 snow blade were 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.

### **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

**Other Information: (continued)**

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.

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. will perform a biennial audit for fiscal years 2015 and 2014. 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 Charles Harris and Associates Inc. for fiscal years 2013 and 2012.

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 2014. Ten year revenue and expenditure trend data are presented together with other relevant statistical information.

**Awards:**

The Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting was presented to the Atwood Regional Water and Sewer District for its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2013.

Ohio Auditor of State Award was presented to the Atwood Regional Water and Sewer District for exemplary financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) for the year 2013.

**Acknowledgments:**

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

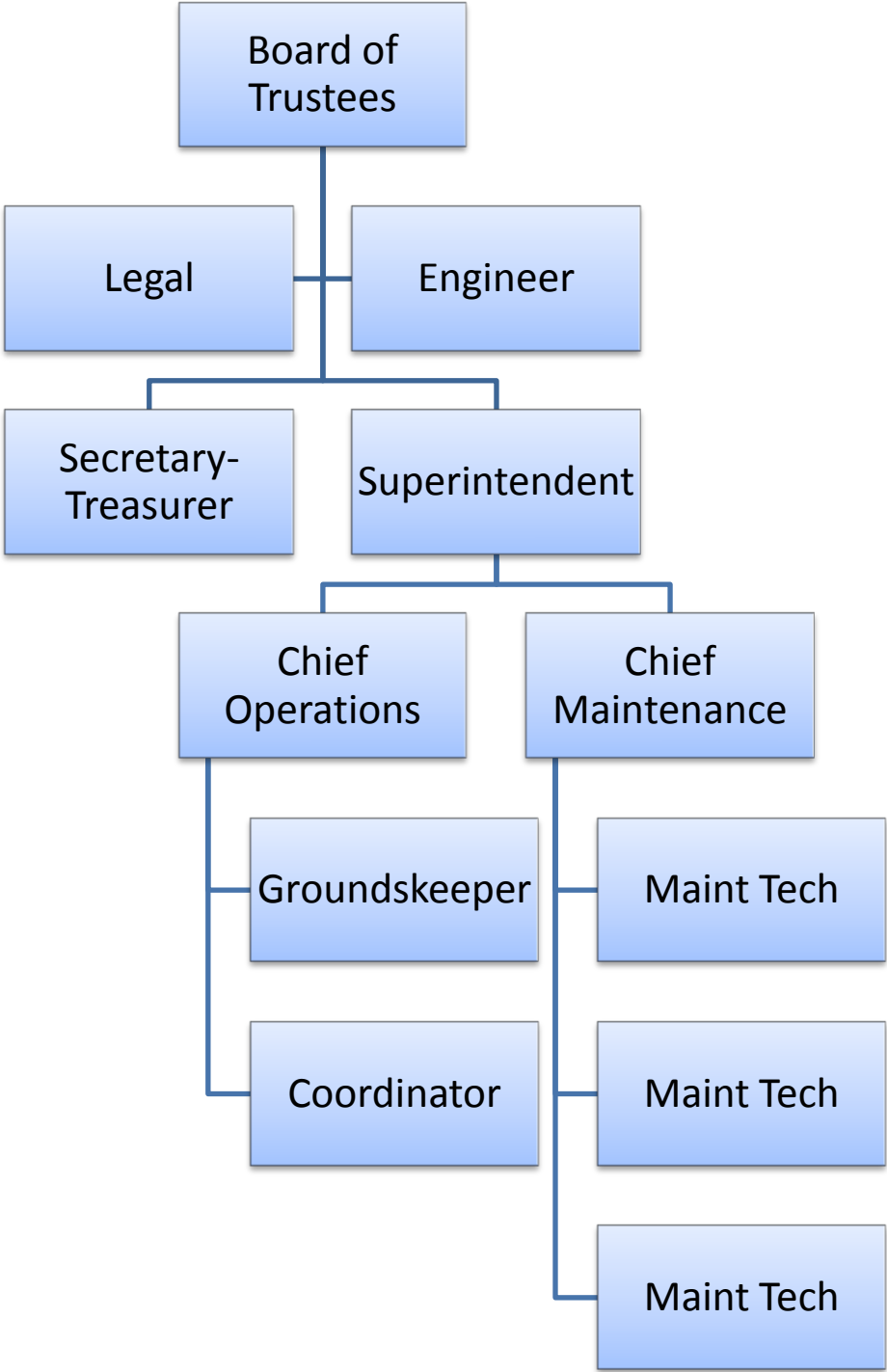
Sincerely,

**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, 2014

<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	2/19/14 to 2/19/17	[A]	\$200,000	Covers term
Joe Mabie	Trustee	2/11/14 to 2/11/17	N/A	N/A	N/A
John Boynton	Trustee	7/15/14 to 7/15/17	N/A	N/A	N/A
Gary Sterrett	Trustee	1/1/14 to 12/31/16	N/A	N/A	N/A
David Parham	Trustee	11/20/14 to 11/20/17	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.	Matt Slutz
Open	Lead Technician	Coordinator:	Chad Stevenson
Open	Operator/technician		
Tom Slutz	Technician		

**Financial**

**Section**

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AUDITOR REPORT GOES HERE



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ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2014 and 2013

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**Overview of the Financial Statements**

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

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

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

Condensed Financial Data	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital Assets	\$6,849,989	\$7,179,430	\$7,513,868
Other Assets	<u>480,187</u>	<u>419,501</u>	<u>485,961</u>
Total Assets	7,330,176	7,598,931	7,999,829
Long Term Liabilities	1,934,658	2,109,069	2,332,765
Other Liabilities	<u>19,810</u>	<u>22,891</u>	<u>20,584</u>
Total Liabilities	1,954,468	2,131,960	2,353,349
Invested Net Assets	5,348,441	5,334,791	5,334,791
Unrestricted Net Asset	<u>27,267</u>	<u>132,180</u>	<u>311,689</u>
Total Net Assets	<u>5,375,708</u>	<u>5,466,971</u>	<u>5,646,480</u>
Operating Revenue	1,058,026	1,024,739	983,408
Non-Operating Revenue	1,222	1,567	2,761
Capital Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	1,059,248	1,026,306	986,169
Operating Expenses	1,096,691	1,140,043	1,102,489
Non-Operating Expenses	<u>53,820</u>	<u>65,771</u>	<u>76,929</u>
Total Expenses	1,150,511	1,205,814	1,179,418
Change in Net Assets	<u>(91,263)</u>	<u>(179,509)</u>	<u>(193,249)</u>
Ending Net Assets	<u>\$5,375,708</u>	<u>\$5,466,971</u>	<u>\$5,646,480</u>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2014 and 2013

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 for 2014 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 83.22 million gallons of wastewater and removed a substantial amount of pollutants as shown on the operations summary at the end of this report. For 2014, the wastewater flow decreased 17% due to drier weather. Maintenance activity included purchasing a used van trailer for safety equipment and materials needed for repair and replacement to sewer system. The phone system was upgraded in March. The impellers were replaced on several large sewage pumps. The District installed a wash water receiving station at the wastewater treatment plant to provide disposal for bridge wash water and hydrostatic test water. Three residential services were also installed during the year. Customer service improvements included addition of credit/debit card payment system and a remote bank deposit procedure.

The District's charges for services for 2014 increased \$33,287 from \$1,024,739 in 2013 to \$1,058,026 in 2014. Investment income remained about the same from 2013 to 2014. Operating expenses decreased \$43,352 from \$1,140,043 in 2013 to \$1,096,691 in 2014. The decrease was due to lower costs for personal services, contractual services and materials. The net loss for the year is due mainly to unfunded depreciation.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2014 and 2013

**Analysis for 2014 Operations Activity: (Continued)**

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

The residential users charge is based upon access to the District's facilities rather than volume of discharge. Therefore the residential rate is the same each month. For 2014, the residential users charge was increased seven (7) percent in December to \$46.00 per month together with all other rate classes.

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 2013 was \$607.00 compared to the District's 2013 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 \$45.65 users charge to produce the same purchasing power at the end of 2014. The \$23.00 monthly users charge in 1987 requires a rate of \$49.68 to achieve parity at the end of 2014. 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 2014. 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2014 and 2013

The District's overall financial position on December 31, 2014 was lower than December 31, 2013. The 2014 actual operating expenses were slightly lower than the previous year while operating revenues were slightly higher. Depreciation is not fully funded in the budget which creates an operating loss for the year.

**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 \$43,245 from \$1,102,489 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 unfunded depreciation.

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
For the Years Ended December 31, 2014 and 2013

**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, 2014 and 2013

**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 2014 or 2013.

**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, 2014 and 2013

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

<b>Current Assets</b>	<b>2014</b>	<b>2013</b>
Cash and Cash Equivalents	\$ 295,767	\$ 255,676
Accounts Receivable	<u>184,420</u>	<u>163,825</u>
Total Current Assets	<u>480,187</u>	<u>419,501</u>
 <b>Noncurrent Assets</b>		
Land	93,976	93,976
Buildings	39,000	39,000
Treatment Facilities	2,727,616	2,727,616
Infrastructures	12,630,576	12,630,576
Machinery and Equipment	541,154	537,655
Construction in Progress	99,608	85,958
Less: Accumulated Depreciation	<u>(9,281,941)</u>	<u>(8,935,351)</u>
Net Noncurrent Assets	<u>6,849,989</u>	<u>7,179,430</u>
 <b>Total Assets</b>	 <u>7,330,176</u>	 <u>7,598,931</u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Payroll Taxes	13,771	17,886
Advance Sewer Payments	6,039	5,005
Current Portion – Loan Payable	<u>108,899</u>	<u>171,547</u>
Total Current Liabilities	<u>128,709</u>	<u>194,438</u>
 <b>Noncurrent Liabilities</b>		
Compensated Absences	20,083	22,947
Loans Payable	<u>1,805,676</u>	<u>1,914,575</u>
Total Noncurrent Liabilities Payable	<u>1,825,759</u>	<u>1,937,522</u>
Total Liabilities	<u>1,954,468</u>	<u>2,131,960</u>
 <b>Net Assets</b>		
Invested in capital assets net of related debt	5,348,441	5,334,791
Unrestricted Assets	<u>27,267</u>	<u>132,180</u>
Total Net Assets	5,375,708	5,466,971
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 7,330,176</u>	 <u>\$ 7,598,931</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, 2014 and 2013

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

<b>Operating Revenue</b>	<b>2014</b>	<b>2013</b>
Charges for Services	\$ 1,058,026	\$ 1,024,739
<b>Operating Expenses</b>		
Personal Services	476,108	500,325
Contractual Services	43,303	46,225
Materials, Supplies and Equipment	74,437	100,439
Utilities	120,790	107,711
Depreciation	346,590	347,826
Other Operating Expenses	<u>35,463</u>	<u>37,517</u>
Total Operating Expenses	<u>1,096,691</u>	<u>1,140,043</u>
<b>Net Operating Income (Loss)</b>	<u>(38,665)</u>	<u>(115,304)</u>
<b>Non-Operating Receipts (Expenses)</b>		
Rent, Royalties and Interest on Investments	950	1,214
Interest and Fiscal Charges	(53,820)	(65,771)
Other Income	272	353
Other Non-Operating Expenses	<u>0</u>	<u>0</u>
<b>Total Non-Operating Receipts (Expenses)</b>	<u>(52,598)</u>	<u>(64,204)</u>
<b>Net Income (loss) before Capital Contributions</b>	(91,263)	(179,509)
Capital Contributions	<u>0</u>	<u>0</u>
<b>Change in Net Assets</b>	(91,263)	(179,509)
<b>Beginning Net Assets Jan 1<sup>st</sup></b>	<u>5,466,971</u>	<u>5,646,480</u>
<b>Ending Net Assets Dec 31<sup>st</sup></b>	<u>\$ 5,375,708</u>	<u>\$ 5,466,971</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, 2014 and 2013

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

<b>Cash Flows From Operating Activities</b>	<b>2014</b>	<b>2013</b>
Payments from Customers	\$ 1,038,465	\$ 1,033,803
Payments to Suppliers for Goods and Services	(273,993)	(291,892)
Payments to/for Employees, Benefits and related Taxes	<u>(483,087)</u>	<u>(493,126)</u>
Net Cash Provided By (Used For) Operating Activities	281,385	248,785
<b>Cash Flows From Non-Capital Financing Activities</b>		
Payments from Miscellaneous Sales	0	353
Payments for non-operating services	<u>272</u>	<u>0</u>
Net Cash Provided By (Used For) Non-Capital Financing	272	353
<b>Cash Flows From Capital and Related Financing</b>		
Cash Received from Capital Grants	0	0
Proceeds from Capital Debt	0	0
Payments for Capital Acquisitions	(17,150)	(13,388)
Principal Paid on Capital Debt	(171,547)	(228,581)
Interest Paid on Capital Debt	<u>(53,820)</u>	<u>(65,771)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(242,517)	(307,740)
<b>Cash Flows from Investing Activities</b>		
Payments from Interest, Royalties and Rent	<u>951</u>	<u>1,214</u>
Net Cash Provided By (Used For) Investing Activities	951	1,214
Net Increase (Decrease) in Cash and Cash Equivalents	40,091	(57,390)
Cash and Cash Equivalents January 1	<u>255,676</u>	<u>313,066</u>
Cash and Cash Equivalents December 31	<u><u>295,767</u></u>	<u><u>255,676</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Net Operating Loss	(38,665)	(115,304)
<b>Adjustments</b>		
Depreciation	346,590	347,826
Increase (Decrease) in Accounts Receivable	(20,595)	9,070
Increase (Decrease) in Advance Payments Liability	1,034	(6)
Increase (Decrease) in Payroll Liabilities	(4,115)	2,313
Increase (Decrease) in Compensated Absences Liability	<u>(2,864)</u>	<u>4,886</u>
Total Adjustments	<u>320,050</u>	<u>364,089</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ 281,385</u>	<u>\$ 248,785</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, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

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

**B. BASIS OF ACCOUNTING**

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

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

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

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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

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

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

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

The District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures" and GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences."

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

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**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, 2014 and 2013, the carrying amount of the District's deposits was \$295,767 and \$255,676 respectively, and the bank balances were \$304,986 and \$267,687 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, 2014 and 2013

**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 2014

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2015
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9% Mat: 7/1/2014	\$ 64,988	\$ 0	\$ 64,988	\$ 0	\$ 0
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 162,540	\$ 0	\$ 23,289	\$ 139,251	\$ 24,691
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026	\$ 232,710	\$ 0	\$ 13,913	\$ 218,797	\$ 14,727
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 484,572	\$ 0	\$ 28,000	\$ 456,572	\$ 28,563
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 1,112,711	\$ 0	\$ 35,625	\$ 1,077,086	\$ 36,161
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 2,925	\$ 0	\$ 1,950	\$ 975	\$ 975
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 5,300	\$ 0	\$ 2,650	\$ 2,650	\$ 2,650
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032	\$ 20,377	\$ 0	\$ 1,132	\$ 19,245	\$ 1,132
<b>Total Obligations</b>	<b>\$ 2,086,123</b>	<b>\$ 0</b>	<b>\$ 171,547</b>	<b>\$ 1,914,576</b>	<b>\$ 108,899</b>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2014 and 2013

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	\$ 35,095	\$ 1,112,711	\$ 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
<b>Total Obligations</b>	<b>\$ 2,314,704</b>	<b>\$ 0</b>	<b>\$ 228,581</b>	<b>\$ 2,086,123</b>	<b>\$ 171,547</b>

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2014 and 2013

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

Year(s) Ending Dec 31 <sup>st</sup> :	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$46,508	\$108,786	\$155,294
2016	\$43,100	\$108,920	\$152,019
2017	\$39,525	\$111,169	\$150,694
2018	\$35,774	\$114,920	\$150,694
2019	\$31,859	\$118,835	\$150,694
2020-2024	\$110,492	\$494,149	\$604,641
2025-2029	\$52,616	\$389,469	\$442,085
2030-2034	\$28,324	\$233,420	\$261,744
2035-2039	\$10,390	\$248,896	\$259,286
	\$398,588	\$1,928,564	\$2,327,151

**4. ACCRUED COMPENSATED ABSENCES**

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

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



ATWOOD REGIONAL WATER AND SEWER DISTRICT  
Carroll and Tuscarawas Counties, Ohio  
Notes to Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**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 2014 and 2013, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The 2014 and 2013 member contribution rate was 10.0%. The 2014 and 2013 employer rate for local government employer units was 14.0% of covered payroll. The payroll covered by this pension system for 2014, 2013 and 2012 was \$293,804, \$328,869, and \$255,448 respectively. Actual employer contributions for pension obligations for those years were \$37,842 (92%), \$46,042 (100%) and \$35,763 (100%) for 2014, 2013 and 2012 respectively. Actual employee contributions were \$27,030 (92%), \$32,887 (100%) and \$25,545 (100%) which is 10.0% for 2014, 2013 and 2012 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, 2014 and 2013

**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. 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 2014 and 2013 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 2.0% and the Combined Plan was 2.0% for 2014. 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 2014 and 2013 were \$7,471 and \$3,408, 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, 2014 and 2013

**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, 2014

Capital Assets	Balance at Jan 1, 2014	Additions	Deletions	Balance at Dec 31, 2014
Land	\$93,976	\$0	\$0	\$93,976
Buildings	\$39,000	\$0	\$0	\$39,000
Treatment Facilities	\$2,727,616	\$0	\$0	\$2,727,616
Infrastructures	\$12,630,576	\$0	\$0	\$12,630,576
Machinery/Equip.	\$537,655	\$3,500	\$0	\$541,155
Total Capital Assets:	\$16,028,823	\$3,500	\$0	\$16,032,323
Less Accum Depreciation:	\$(8,935,351)	\$(346,590)	\$0	\$(9,281,941)
Construction in Progress:	\$85,958	\$13,650	\$0	\$99,608
Net Capital Assets:	\$7,179,430	\$(329,440)	\$0	\$6,849,990

ATWOOD REGIONAL WATER AND SEWER DISTRICT  
 Carroll and Tuscarawas Counties, Ohio  
 Notes to Basic Financial Statements  
 For the Years Ended December 31, 2014 and 2013

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

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
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	\$13,388	\$0	\$537,655
Total Capital Assets	\$16,015,435	\$13,388	\$0	\$16,028,823
Less Accum Depreciation	\$(8,587,525)	\$(347,826)	\$0	\$(8,935,351)
Construction in Progress	\$85,958	\$0	\$0	\$85,958
Net Capital Assets	\$7,513,868	\$(334,438)	\$0	\$7,179,430

**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, 2014 and 2013

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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	317
Dellroy, Carroll County	294
Monroe Township, Carroll County	2,072
Warren Township, Tuscarawas County	1,179
Carroll County	28,187
Tuscarawas County	92,788

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)**

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

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

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

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

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Fixed Assets net of related debt	\$5,348,441	\$5,334,791	\$5,334,791	\$5,334,791	\$5,271,046	\$6,089,140	\$5,959,792	\$5,691,402	\$5,798,642	\$5,860,441
Unrestricted Net Assets	27,267	126,489	311,689	504,940	495,800	(277,992)	(139,770)	319,582	313,891	305,621
Total Net Assets	\$5,375,708	\$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

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Residential User Equivalent Rate	\$43.00	\$43.00	\$43.00	\$43.00	\$40.00	\$38.00	\$38.00	\$36.00	\$36.00	\$34.00
Optional Commercial Rate per 1000 gallons	\$10.00	\$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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Loan Balance December 31st	\$ 1,914,576	\$ 2,086,123	\$ 2,314,704	\$ 2,531,095	\$ 2,545,125	\$ 2,457,180	\$ 2,162,257	\$ 2,043,846	\$ 2,113,684	\$ 2,094,977
Interest Paid	\$ 53,820	\$ 65,771	\$ 76,929	\$ 87,364	\$ 97,125	\$ 86,975	\$ 95,678	\$ 113,597	\$ 115,018	\$ 122,439
Debt Retired	\$ 171,547	\$ 228,581	\$ 216,391	\$ 203,867	\$ 193,215	\$ 150,201	\$ 164,841	\$ 207,161	\$ 144,034	\$ 136,007
Total Debt Service	\$ 225,367	\$ 294,352	\$ 293,320	\$ 291,231	\$ 290,340	\$ 237,176	\$ 260,519	\$ 320,758	\$ 259,052	\$ 258,446
Debt Coverage	5	3.5	3.4	3.3	3.2	3.8	3.4	2.7	3.2	3.1
Debt per Customer	\$ 1,538	\$ 1,676	\$ 1,859	\$ 2,025	\$ 2,036	\$ 1,966	\$ 1,730	\$ 1,635	\$ 1,691	\$ 1,676

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

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

<b>Operating Revenue</b>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Charges for Services	\$ 1,058,026	\$ 1,024,739	\$ 983,408	\$ 951,997	\$ 931,483	\$ 893,735	\$ 888,370	\$ 851,471	\$ 833,024	\$ 808,203
<b>Operating Expenses</b>										
Personal Services	476,108	500,325	464,275	426,057	414,181	339,394	385,342	339,923	277,464	314,166
Contractual Services	43,303	46,225	64,839	41,869	63,171	41,459	52,145	31,241	34,478	24,456
Materials, Supplies, Equipment	74,437	100,439	94,706	83,135	63,167	46,813	131,312	81,368	71,090	91,843
Utilities	120,790	107,711	92,466	90,203	91,587	91,486	83,658	75,034	75,958	75,483
Depreciation	346,590	347,826	352,018	297,015	296,299	305,345	302,065	294,924	294,049	291,650
Other Operating Expenses	35,463	37,517	34,185	31,946	35,017	34,612	39,033	33,591	32,717	29,744
Total Operating Expenses	1,096,691	1,140,043	1,102,489	970,225	963,422	859,109	993,555	856,081	785,756	827,342
<b>Net Operating Income(Loss)</b>	\$ (38,665)	\$ (115,304)	\$ (119,081)	(18,228)	(31,939)	34,626	(105,185)	(4,610)	47,268	(19,139)
<b>Non-Operating Revenue(Expenses)</b>										
Rent, Royalties, Interest on Investments	950	1214	1,321	2,679	2,305	3,241	9,899	16,624	14,225	8,313
Interest and Fiscal Charges	(53,820)	(65,771)	(76,929)	(87,364)	(97,125)	(86,975)	(95,678)	(113,597)	(115,018)	(122,439)
Other non-operating Revenue	272	353	1440	2,194	66,498	40,234	-	32	-	-
Other non-operating Expenses	0	0	0	(7,025)	(3,411)	-	-	-	-	-
<b>Net Income before Captial Contributions</b>	\$ (91,263)	\$ (179,508)	\$ (193,249)	(107,744)	(63,672)	(8,874)	(190,964)	(101,551)	(53,525)	(133,265)
Capital Contributions	0	0	0	180,269	19,370	-	-	-	-	-
<b>Change in Net Assets</b>	\$ (91,263)	\$ (179,508)	\$ (193,249)	72,525	(44,302)	(8,874)	(190,964)	(101,551)	(53,525)	(133,265)
Beginning Net Assets January 1st	5,466,974	5,646,482	5,839,731	5,766,846	5,811,148	5,820,025	6,010,986	6,112,534	6,166,062	6,299,327
Ending Net Assets December 31st	\$ 5,375,711	\$ 5,466,974	\$ 5,646,482	\$ 5,839,371	\$ 5,766,846	\$ 5,811,151	\$ 5,820,022	\$ 6,010,983	\$ 6,112,537	\$ 6,166,062

Source: Atwood Regional Water and Sewer District Records

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

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

Year	Avg Daily Flow (MGD)	Effluent BOD (ppm)	Solids (ppm)	NH <sub>4</sub> (ppm)	Influent BOD (ppm)	Solids (ppm)	NH <sub>4</sub> (ppm)	Yrly Oxygen Demand (tons)	Yrly Solids Removed (tons)
2014	0.228	0.961	0.403	0.336	173.000	139.000	10.000	59.70	48.10
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

<b>2014</b>									
Annual Wastewater Treated						83.22		Million Gallons	
Annual Solids Removed						48.10		Tons	
Annual Biochemical Oxygen Demand (BOD)						59.70		Tons	
Annual Ammonia Removed						3.35		Tons	
<b>2014 Average Daily Flow</b>						228,000		Gallons	
Pollutant:	Daily ppm		Discharge Limits Lbs		Average Daily Discharge (lbs)		Average Daily Removed (lbs)		
Suspended Solids	8.0		15.21		1.06		263.54		
Biochemical Oxygen Demand	7.0		13.31		1.89		327.14		
Ammonia (NH <sub>4</sub> )	1.5		2.85		0.64		18.38		

2014 Avg Daily Flow (1000 Gals)	228.0	Operating cost/1000 gal:	\$12.97
Total Flow 2014 in 1000 Gal	83,220	Debt Svc per 1000 gal:	\$2.71
Total 2014 Expense other than Capital Improvements Outlay	\$1,079,541	Total Cost per 1000 gal:	\$15.68

Source: Atwood Regional Water and Sewer District Records