

***ATWOOD REGIONAL WATER AND
SEWER DISTRICT***

Audit Report

For the Years Ended December 31, 2000 and 2001

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

Board of Trustees
Atwood Regional Water and Sewer District

We have reviewed the Independent Auditor's Report of the Atwood Regional Water and Sewer District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2000 through December 31, 2001. 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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 20, 2002

This Page is Intentionally Left Blank.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Audit Report
For the Years Ended December 31, 2000 and 2001

<u>TITLE</u>	<u>PAGE</u>
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Status of Prior Year's Citations and Recommendations	3

This Page is Intentionally Left Blank.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Atwood Regional Water and Sewer District as of and for the years ended December 31, 2000 and 2001, and have issued our report thereon dated April 9, 2002, wherein we noted the District adopted Governmental Accounting Standards Board Statements Nos. 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated April 9, 2002.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.
April 9, 2002

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the period ending December 31, 1998 and 1999, included no material citations or recommendations.

*ATWOOD REGIONAL WATER
AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended December 31, 2001 and 2000

*ATWOOD REGIONAL WATER
AND SEWER DISTRICT*

Carroll and Tuscarawas Counties, Ohio

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended December 31, 2001 and 2000

Prepared by the Treasurer's Office:
Larry Lloyd
Secretary-Treasurer

This Page is Intentionally Left Blank.

ATWOOD REGIONAL WATER AND SEWER DISTRICT

Carroll and Tuscarawas Counties, Ohio

Comprehensive Annual Financial Report
For the Year Ended December 31, 2001

TABLE OF CONTENTS

	Page
Table of Contents	-i-
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
Organizational Chart	8
Administrative Personnel	9
FINANCIAL SECTION	
Report of Independent Accountants	11
Balance Sheet – Proprietary Enterprise Fund	13
Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Enterprise Fund	14
Cash Flow Statement	15
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings, Budget (Non-GAAP Budget Basis) and Actual	16
Notes to the Financial Statements	17-26
STATISTICAL SECTION	
Demographic Summary	27
Ten Year Debt History	28
Ten Principal Customers	29
Ten Year Historical Summary Receipts	30
Ten Year Historical Summary Expenditures	30
Ten Year Operations Summary	31

This Page is Intentionally Left Blank.

INTRODUCTORY SECTION

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

May 30, 2002

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

Please accept the annual financial report of the Atwood Regional Water and Sewer District for the year ended December 31, 2001 in compliance with statutory requirements of the Ohio Revised Code. An Independent Public Accountant performed a biennial audit for the fiscal years 2000 and 2001. 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 general purpose financial statements and notes to the 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 2001, the District celebrated its thirty first anniversary. Established in 1970, the District is located in the eastern portion of Warren Township in Tuscarawas County, the western portions of Monroe and Orange Townships, and southern parts of Harrison and Rose Townships in Carroll County, Ohio. The District currently has a combined land area of 17.25 square miles and serves an average population of 3,550 persons. The District receives its revenues only from fees for services and receives no tax revenues. Sixty commercial entities (5 %) of the 1,204 active accounts provide thirty six percent of the District's user charge revenues.

An appointed board of eight trustees governs the District. 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 performs a combined role responsible to the Superintendent for office administration and responsible to the Board of Trustees for fiscal matters and official records management. Board members are appointed by user entities established in the District's organizational scheme. Board members serve for staggered three year terms.

The District enjoys a favorable economic environment which points to continued stability. The region consists of recreation focused residential communities around Atwood Lake, together with the Villages of Dellroy, Sherrodsville and New Cumberland. The rural community engages in hospitality and agricultural enterprises. The community is closely associated with Dover-New Philadelphia, Carrollton, and Canton employment and shopping facilities. The Muskingum Watershed Conservancy District together with the United States Army Corps of Engineers provide for stable recreation and flood control activities in the area.

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

Operations Activity:

The District operates a tertiary wastewater treatment plant and maintains a collection system of some 50 miles of sewers with seventeen primary lift stations and 130 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 District's five member staff consists of two Ohio EPA certified operators and three experienced mechanics. The staff is on standby duty for emergency services after normal work hours and on weekends and holidays. Typical emergency conditions consist of storm events, power outages, and equipment failures. Pump stations are equipped with alarm lights and several stations have auto-dialers for alarm conditions.

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

The operations for 2001 centered on maintenance activity. The staff replaced five lift station pumps, nine grinder pumps, and eight grinder pump valves. Eight grinder pump stations were excavated and piping repairs completed. Thirteen grinder pump control panels and pedestals were replaced. Some thirty spare grinder pumps were rebuilt during the year.

Repair projects included installation of a foam roofing system for the control building. For future pump station improvements, the Board approved the development of a standardized pump station electrical control panel which will incorporate a supervisory data acquisition and control system (SCADA). The new panel will improve monitoring and control of pump operations.

Design activity progressed on the sewer extension on Dawn Road north of Sherrodsville and a sewer extension east of Dellroy to serve the Candle-Glow Bed and Breakfast area. Seven new residential connections were installed during the year. The Arrowhead Project has several warranty repairs which require attention.

Operations Activity (continued):

The District continued its development of a water project for the District. The proposed water project serves the entire district for both domestic water service and fire protection. The project consists of three well fields and associated treatment facilities, three water storage tanks together with transmission and distribution lines. The estimated cost of the entire project is 12 million dollars. A pre-application was submitted to Ohio EPA in 1999 and a pre-application was submitted in September 2000 to USDA Rural Development Office in Wooster. The Ohio EPA and Rural Development staff have requested additional information regarding capacity of the proposed well fields. The District has contacted Ohio Department of Natural Resources, United States Geological Survey, Ohio Drilling Inc. and Collector Wells International to obtain information and study proposals. A preliminary EPA well site evaluation and a pump test of our pilot well is planned for 2002.

After twenty one years of operation, the District observed its first employee retirements. Mr. David Rennicker retired with ten years of service on March 31st and Mr. Robert Hendershot retired with over sixteen years of service on December 31st.

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 judgements 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.

Financial Information (continued):

The District's charges for services for 2001 increased \$72,933 over 2000 as a result of increased users charges and connection/impact fees. Investment income decreased \$7,437 as a result of lower interest rates and less invested cash. Operating expenses decreased over 2000 by \$29,329 due to vacant staff position. The net loss for the year is due mainly to unfunded depreciation. Medical insurance costs increased 12 percent. The Board self-insures part of its employee health benefits.

The District funds its operations through a users charge which recovers the costs for operation, maintenance, repair, replacement and debt service. The residential users charge is based upon access to the District's facilities rather than volume of discharge. Therefore the rate is the same each month. At its January 15, 2001 meeting, the Board of Trustees adopted a 3.51 percent rate increase in its sewer users charges. The previous rate of \$28.50 per month for residential users was adopted in 1999. The \$29.50 monthly users charge became effective on February 1, 2001 and appeared in the March 2001 billing. Although not presently funded, the annual asset depreciation cost alone would require an additional \$13.34 per user equivalent. A budget review is conducted in September of each year and the Board adjusts the rates as necessary for the next fiscal year. The Board has followed a practice of small rate increases yearly rather than large increases after three or four years. Commercial users have additional fixtures charges to compensate for increased loadings.

The average residential user in the District discharges about 150 to 200 gallons of water per day into the system. The sewage weights 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 sewage travels 5 miles and some travels over 10 miles to the treatment plant. The plant then removes over 96 percent of the pollutants and disinfects the water prior to discharging it into the Conotton Creek. The organic solids are further treated and ultimately added to cropland as soil conditioner. The customer pays 95 cents per day for this service which is close to the cost of one gallon of water purchased at the grocery store.

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 \$36.55 users charge to produce the same purchasing power in 2001. The \$23.00 monthly users charge in 1987 requires a rate of \$35.65 to achieve parity in 2001. Meanwhile, the District's pump stations and certain plant equipment have reached their useful life and need significant rehabilitation or replacement. Further the District deals with its own version of 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 cause an adverse impact on the District's economic health.

Financial Information (continued):

For comparison, the Ohio EPA conducts an annual water and sewer rate survey of 557 municipalities and districts. The 427 responses for 2000 water and sewer rates indicate an average annual residential charge of \$353 as compared to the District's annual user charge of \$354 in 2001. The state and federal funding agencies use an annual rate guideline of 1 to 1.5 percent of median household income (MHI) as a benchmark for financing decisions. The estimated weighted 1989 MHI of \$26,692 yields an annual sewer rate benchmark of \$400 at 1.5 % of MHI. Thus an objective comparison of outside rate data indicates a modest annual residential sewer rate.

In 1976, the District established a connection fee to recover the costs related to adding a new sewer service to the system. The connection fee for the District has remained at \$1,700 for 2001. 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. When a line extension is necessary, the District establishes an impact fee to recover the costs associated with extending the sewer or providing pumping facilities. Periodically, a system audit is conducted to assure that all eligible structures are connected to the sewer system and that the users charge conforms to the District's rate schedule.

The District's cash is managed via checking accounts in two local banks. Its debt is administered via loan agreements with Ohio Water Development Authority, Ohio Public Works Commission and a loan with a local bank. Further, the District's risk management plan consists of contracts of insurance with commercial insurance companies to indemnify it for certain casualty losses and liability claims.

In summary, the District is obligated to recover its costs for operation, maintenance, repair and replacement together with debt service. Adequate reserves are also necessary to update our facilities, provide reasonable rate stability, and sound long range economic policy.

Other Information:

This report is based upon the Comprehensive Annual Financial Report (CAFR) requirements as established by the Governmental Finance Officers' Association (GFOA) and the Governmental Accounting Standards Board (GASB). A biennial audit for fiscal years 2001 and 2000 was performed by Charles E. Harris and Associates Inc., an independent certified public accounting firm and their unqualified opinion is included in this report.

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 1999 and 1998.

The District's Atwood Lake Sewer System Phase II project received the Grand Award for Engineering Excellence from the Consulting Engineers Council of Ohio. The Council presented the 2001 award to Mr. Harry Matter, President of Civil Design Associates, New Philadelphia, Ohio who was the design engineer for the project. The award was given for innovative pump station design and sewer installation. The project also received the National Finalist Award, Engineering Excellence Awards Competition, which was conducted by the American Consulting Engineers Council for 2001.

This report has been prepared by the administrative staff with assistance from the District's auditor and consultants. Their effort and contributions are gratefully recognized.

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 2001. Ten year revenue and expenditure trend data are presented together with other relevant statistical information.

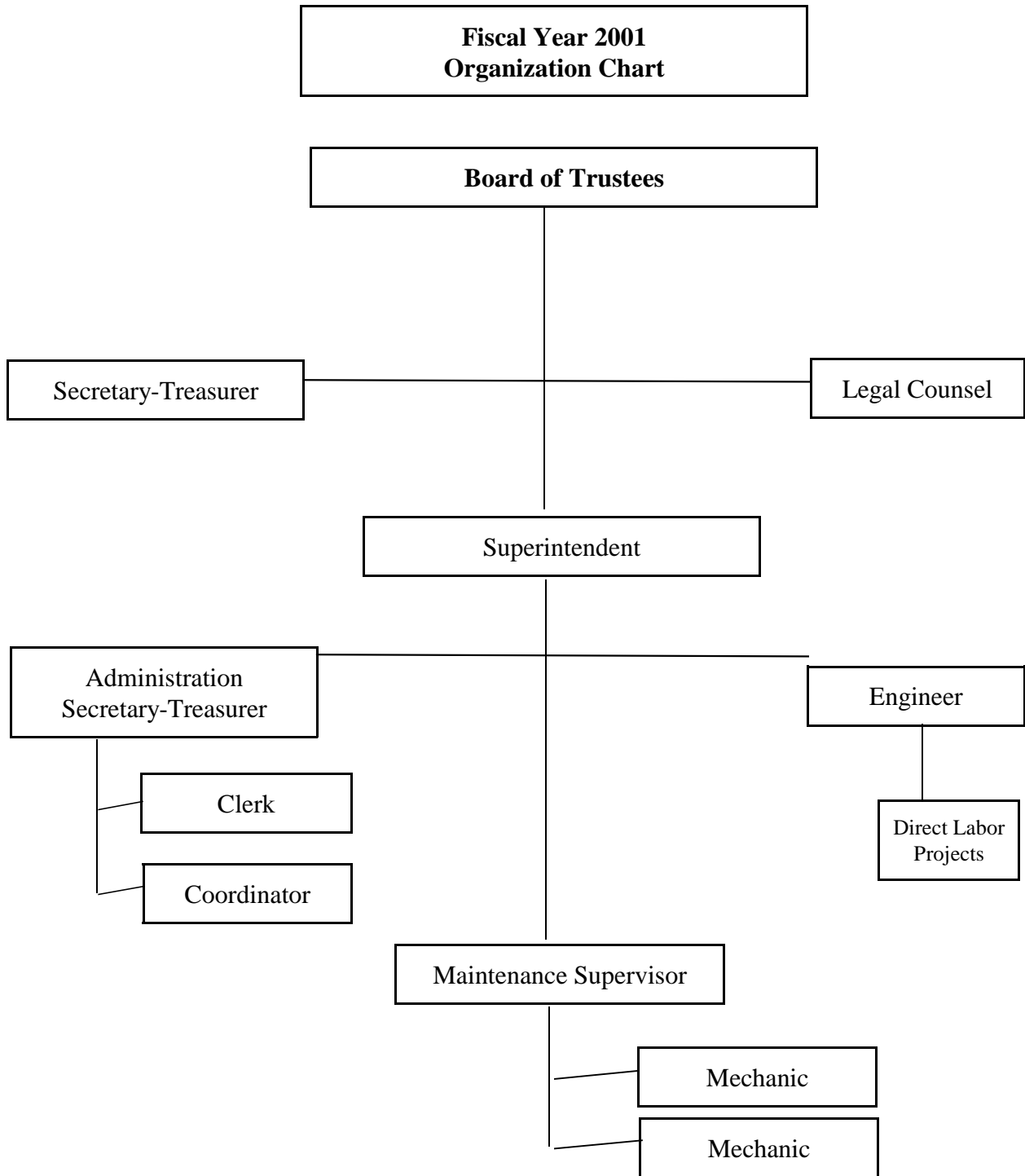
Sincerely,

Atwood Regional Water and Sewer District

Larry Lloyd

Secretary-Treasurer

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



ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

ADMINISTRATIVE PERSONNEL
as of December 31, 2001

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Mark Flowers	President	02/19/99 to 02/19/02	[A]	\$50,000	covers term
Philip Eberhart	Vice-President	02/19/99 to 2/19/02	[A]	\$50,000	covers term
Rudolph Bertka	Trustee	8/20/99 to 8/20/02	n/a	n/a	n/a
Robert DeSeyn	Trustee	7/15/01 to 7/15/04	n/a	n/a	n/a
Mark Flowers	Trustee	02/19/02 to 2/19/05	n/a	n/a	n/a
Michael Shepperson	Trustee	11/01/00 to 11/01/03	n/a	n/a	n/a
Roy Cherry	Trustee	8/20/01 to 8/20/04	n/a	n/a	n/a
Michael Chitti	Superintendent	Indefinite	[A]	\$50,000	covers term
Larry Lloyd	Secretary-Treasurer	Indefinite	[A]	\$50,000	covers term
Legal Counsel					
Don Zimmerman	Senior Counsel	Indefinite	n/a	n/a	n/a
Brad Zimmerman	Co-Counsel	Indefinite	n/a	n/a	n/a
140 Fair Ave, New Philadelphia, OH 44663					

[A] Westfield Insurance Company

Staff:

Full Time:

Ben Reardon Mechanic
Open Mechanic
Open Maintenance

Part Time:

[open] Coordinator
[clerk] Clerk

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

This page intentionally left blank

FINANCIAL SECTION

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Atwood Regional Water and Sewer District (the District), as of and for the years ended December 31, 2000 and 2001, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2000 and 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the District adopted Governmental Accounting and Standards Board Statements Nos. 33 and 36 for the year ended December 31, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 results of our audit.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Charles E. Harris & Associates, Inc.
April 9, 2002

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio

This page intentionally left blank

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

BALANCE SHEET
PROPRIETARY ENTERPRISE FUND
AS OF DECEMBER 31st,

Assets:	2001	2000
Current Assets:		
Cash Assets:	\$ 127,295	\$ 161,177
Accounts Receivable:	<u>\$ 93,813</u>	<u>\$ 83,309</u>
Total Current Assets:	\$ 221,108	\$ 244,486
Fixed Assets:		
Land:	\$ 265,147	\$ 265,147
Buildings:	\$ 39,000	\$ 39,000
Treatment Facilities:	\$ 2,727,616	\$ 2,727,616
Infrastructures:	\$ 10,433,998	\$ 10,422,383
Machinery and Equipment:	\$ 362,708	\$ 362,708
Construction in Progress:	\$ 69,881	\$ 35,401
Less Accumulated Depreciation:	<u>\$ (5,331,151)</u>	<u>\$ (5,047,014)</u>
Net Fixed Assets:	\$ 8,567,199	\$ 8,805,241
Total Assets:	<u><u>\$ 8,788,307</u></u>	<u><u>\$ 9,049,727</u></u>
Liabilities and Fund Equity:		
Current Liabilities:		
Advance Sewer Payments:	\$ 5,510	\$ 2,733
Accounts Payable and Payroll Taxes:	<u>\$ 16,803</u>	<u>\$ 9,431</u>
Total Current Liabilities:	\$ 22,313	\$ 12,164
Long-Term Liabilities:		
Cooperative Loan Agreements Payable:	\$ 2,085,031	\$ 2,157,492
Accrued Compensated Absences Payable:	<u>\$ 68,345</u>	<u>\$ 79,954</u>
Total Long-Term Liabilities Payable:	\$ 2,153,376	\$ 2,237,446
Total Liabilities:	\$ 2,175,689	\$ 2,249,610
Fund Equity and Retained Earnings:		
Equity related to Fixed Assets:	\$ 6,452,647	\$ 6,731,916
Net Adjustments:	<u>\$ (284,165)</u>	<u>\$ (279,269)</u>
Total Equity related to Fixed Assets:	\$ 6,168,482	\$ 6,452,647
Retained Earnings:	\$ 347,470	\$ 335,050
Current Year Earnings:	<u>\$ 96,666</u>	<u>\$ 12,420</u>
Total Retained Earnings:	\$ 444,136	\$ 347,470
Total Liabilities and Fund Equity:	<u><u>\$ 8,788,307</u></u>	<u><u>\$ 9,049,727</u></u>

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY ENTERPRISE FUND
AS OF DECEMBER 31st,**

	2001	2000
Operating Revenue:		
Charges for Services:	\$ 717,221	\$ 644,288
Operating Expenses:		
Personal Services:	\$ 327,065	\$ 339,421
Contractual Services:	\$ 18,833	\$ 27,878
Materials, Supplies, and Equipment:	\$ 44,595	\$ 58,032
Utilities:	\$ 66,071	\$ 68,522
Depreciation:	\$ 284,136	\$ 278,748
Other Operating Expenses:	\$ 24,063	\$ 21,491
Total Operating Expenses:	<u>\$ 764,763</u>	<u>\$ 794,092</u>
Net Operating Income (Loss):	<u>\$ (47,542)</u>	<u>\$ (149,804)</u>
Non-Operating Receipts (Expenses):		
Rent, Royalties and Interest on Investments:	\$ 7,433	\$ 14,870
Interest and Fiscal Charges:	<u>\$ (147,361)</u>	<u>\$ (131,394)</u>
Total Non-Operating Receipts (Expenses):	<u>\$ (139,928)</u>	<u>\$ (116,524)</u>
Net Income (Loss):	<u>\$ (187,470)</u>	<u>\$ (266,328)</u>
Depreciation Closed to Fixed Assets:	\$ (284,136)	\$ (278,748)
Net Income (Loss) Closed to Retained Earnings:	\$ 96,666	\$ 12,420
Beginning Retained Earnings Jan 1 st :	<u>\$ 347,470</u>	<u>\$ 335,050</u>
Ending Retained Earnings Dec 31 st :	<u><u>\$ 444,136</u></u>	<u><u>\$ 347,470</u></u>

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

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

**CASH FLOW STATEMENT
PROPRIETARY ENTERPRISE FUND
AS OF DECEMBER 31st,**

Cash Flows From Operations:	2001	2000
Charges for Services:	\$ 717,221	\$ 644,288
Change in Accounts Receivable:		
Beginning Balance Jan 1 st :	\$ 83,309	\$ 81,771
Ending Balance Dec 31 st :	\$ 93,813	\$ 83,309
Increase (decrease) Cash:	\$ (10,504)	\$ (1,538)
Expenditures for goods and services less depreciation:	\$(480,627)	\$ (515,344)
Change in Current Liabilities:		
Ending Advance Payments Liability:	\$ 5,510	\$ 2,733
Beginning Advance Payments Liability:	\$ 2,733	\$ 3,795
Increase (decrease) cash:	\$ 2,777	\$ (1,062)
Ending A/P and Payroll Liabilities:	\$ 16,803	\$ 9,431
Beginning A/P and Payroll Liabilities:	\$ 9,431	\$ 7,399
Increase (decrease) Cash:	\$ 7,372	\$ 2,032
Decrease Cash due to Liquidated Accrued Compensated Absences:	\$ (11,637)	\$ 0
Net Cash provided by Operations:	\$ 224,602	\$ 128,376
Cash from Capital and related Financing Activities:		
Proceeds from capital loans:	\$ 0	\$ 308,974
Payments for capital assets:	\$(46,095)	\$(351,768)
Payments capital asset loan principal:	\$ (72,461)	\$ (61,521)
Interest paid for capital asset loans:	\$(147,361)	\$(131,394)
Net cash provided (used) capital assets:	\$(265,917)	\$ (235,709)
Cash from investing activities:		
Rent Royalty & Interest payments received:	\$ 7,433	\$ 14,870
Net Increase (decrease) in cash:	\$ (33,882)	\$ (92,463)
Cash Balance January 1 st :	\$ 161,177	\$ 253,640
Cash Balance December 31 st :	\$ 127,295	\$ 161,177

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

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

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET (Non-GAAP Budget Basis) AND ACTUAL
For the Years Ended December 31,**

	2001			2000		
	Budget	Actual	Variance	Budget	Actual	Variance
Operating Receipts:						
Charges for Services:	\$ 717,221	\$ 709,494	\$ (7,727)	\$ 644,439	\$ 640,150	\$ (4,289)
Operating Expenses:						
Personal Services:	\$ 326,065	\$ 331,302	\$ (5,237)	\$ 337,876	\$ 329,333	\$ 8,543
Contractual Services:	\$ 18,833	\$ 18,833	\$ 0	\$ 55,134	\$ 27,878	\$ 27,256
Materials & Supplies:	\$ 44,595	\$ 44,595	\$ 0	\$ 93,097	\$ 74,292	\$ 18,805
Utilities:	\$ 66,071	\$ 66,071	\$ 0	\$ 69,135	\$ 68,622	\$ 513
Other Expenses:	\$ 24,063	\$ 24,063	\$ 0	\$ 27,188	\$ 21,191	\$ 5,997
Total Expenses:	\$ 479,627	\$ 484,864	\$ (5,237)	\$ 582,430	\$ 521,316	\$ 61,114
Net Operating Income (Loss):	\$ 237,594	\$ 224,630	\$ (12,964)	\$ 62,009	\$ 118,834	\$ 56,825
Non-Operating Receipts (Expenses):						
Rent, Royalty, & Interest :	\$ 7,433	\$ 7,433	\$ 0	\$ 15,294	\$ 14,869	\$ 425
Loan Proceeds:	\$ 0	\$ 0	\$ 0	\$ 308,974	\$ 308,974	\$ 0
Debt Service:	\$(219,822)	\$(219,822)	\$ 0	\$(192,915)	\$(192,915)	\$ 0
Capital Asset Outlay:	\$ (46,095)	\$ (46,095)	\$ 0	\$(351,768)	\$(351,768)	\$ 0
Total Non-Operating Receipts (Expenses):	\$(258,484)	\$(258,484)	\$ 0	\$(220,415)	\$(220,840)	\$ 425
Net Income (Loss):	\$ (20,890)	\$ (33,854)	\$ (12,964)	\$ (158,406)	\$ (102,006)	\$ 56,400
Retained Earnings Jan 1 st :	\$ 233,044	\$ 233,044	\$ 0	\$ 335,050	\$ 335,050	\$ 0
Retained Earnings Dec 31 st :	\$ 212,154	\$ 199,190	\$ (12,964)	\$ 176,644	\$ 233,044	\$ 56,400

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 Financial Statements
For the Years Ended December 31, 2001 and 2000

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.

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2001 and 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF ACCOUNTING - (continued)

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 adopted GASB statement 33, *Accounting and Financial Reporting for Non-exchange Transactions* and statement 36, *Recipient Reporting for Certain Shared Non-exchange Revenues*. The District has never had such transactions and therefore these statements have no effect on its accounts or balances for the current year or any previous year.

C. Cash and Cash Equivalents:

The District defines cash as coin minted by the U.S. Government; pennies, nickels, dimes, quarters, half dollars, and paper currency printed in denominations of one, five, ten, twenty, fifty, and one hundred dollars 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, 2000 and 2001, the carrying amount of the District's deposits was \$161,177 and \$127,295 respectively, and the bank balances were \$171,975 and \$148,692 respectively. All of the bank balances for both years were covered by federal depository insurance.

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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2001 and 2000

3. DEBT ADMINISTRATION

Long-term debt consists of three loans from Ohio Water Development Authority (OWDA), two principal only loans from Ohio Public Works Commission (OPWC), and a five year demand loan from 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 construction of a sewer extension to serve 38 residents in the Arrowhead Cottage Area. The project was completed during 2000 and the loan will be amortized over 25 years at 5.77 % interest. The total amount financed totaled \$356,937 of which \$47,963 was disbursed in 1999 and \$308,974 was disbursed in 2000.

Obligation:	Non-Current Loans Payable 2001			
	Bal Jan 1	Issued	Retired	Bal Dec 31
Cooperative Loan Agreement (OWDA) 1989 Interest Rate 7.9 % Mat: 7/1/2014	\$ 1,139,065	\$ 0	\$ 50,328	\$ 1,088,737
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02 % Mat: 1/1/2020	\$ 368,465	\$ 0	\$ 10,892	\$ 357,573
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.77% Mat: 1/1/2026	\$ 356,937	\$ 0	\$ 6,641	\$ 350,296
Cooperative Loan Agreement (OPWC) 1995 Interest Rate 0.0% Mat: 7/1/2015	\$ 28,275	\$ 0	\$ 1,950	\$ 26,325
Cooperative Loan Agreement (OPWC) 1996 Interest Rate 0.0% Mat: 1/1/2016	\$ 39,750	\$ 0	\$ 2,650	\$ 37,100
Citizens Bank Loan 1999 Interest Rate 6.25 Var Mat: 8/27/2004	\$ 225,000	\$ 0	\$ 0	\$ 225,000
Total Obligations	\$ 2,157,492	\$ 0	\$ 72,461	\$ 2,085,031

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

Year (s) Ending Dec 31st:	
2002	\$ 219,079
2003	\$ 219,079
2004	\$ 219,079
2005	\$ 430,016
2006	\$ 205,016
2007-2012	\$1,028,080
2013-2017	\$ 599,605
2018-2023	\$ 218,395
2024-2025	\$ 40,713
Total Liability	\$3,179,062

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2001 and 2000

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 five full time and two 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 Operating Statement and the Balance Sheet. 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 and sick leave benefits.

5. DEFINED BENEFIT PENSION PLAN

The employees of the District are covered by the Public Employees Retirement System of Ohio. 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.

Public Employees Retirement System (PERS) of Ohio is a cost-sharing multiple employer employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual costs of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is contained in Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2001 was 8.5 percent for employees other than law enforcement. For local government units, the rate was 13.55 percent of covered payroll.

The Retirement Board made a one-time employer contribution rollback for calendar year 2000. The employer contribution rate was 10.84 percent of covered payroll. The entire payroll for 2001, 2000, and 1999 was \$222,535, \$232,665, and \$213,020, respectively, and was covered by this pension system. Actual employer contributions for those years was \$30,153, \$25,221, and \$28,864, which is 10.84% for 2000; 13.55% for 2001 and 1999. The full amount has been contributed for 1999 and 2000 and 92% has been contributed for 2001. The District provides a fringe benefit pickup plan for full time employees.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2001 and 2000

6. POST-EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 and 2001 employer contribution rate for local government employers was 10.84 and 13.55 percent respectively, of covered payroll; 4.3 percent in 2000 and 2001 of the employer contribution rate was the portion that was used to fund health care for those years. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS.

Summary of Assumptions:

Actuarial Review: The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2000.

Funding Method: An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between the assumed and actual experience (gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of the unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment assumption rate for 2000 was 7.75%

Active Employee Total Payroll: An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no increase in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

Health Care: Health care costs were assumed to increase 4.75% annually.

OPEBs are advance-funded on an actuarially determined basis. The following are required disclosures: The number of active contributing participants was 411,076. The rates stated above are the actuarially determined contribution requirements for PERS. As a part of this disclosure, 31.73 percent (\$9,568) of the District's actual employer contributions was used to fund post-employment benefits. At December 31, 2000 (the latest information available), the actuarial value of the Retirement System's net assets was \$11,735.7 million. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used was \$14,364.6 million and \$2,628.7 million respectively.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2001 and 2000

7. FIXED 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. Because some assets were acquired with federal grant funds, the portion of net income or loss due to depreciation expense is closed to the contributed capital component of the fund balance. 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 live 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 year ending December 31, 2001

Fixed Assets	Bal Jan 1, 2001	Additions	Deletions	Bal Dec 31, 2001
Land	\$ 265,147	\$ 0	\$ 0	\$ 265,147
Buildings	\$ 39,000	\$ 0	\$ 0	\$ 39,000
Treatment Facilities	\$ 2,727,616	\$ 0	\$ 0	\$ 2,727,616
Infrastructures	\$ 10,422,383	\$ 11,615	\$ 0	\$ 10,433,998
Machinery/Equip.	\$ 362,708	\$ 0	\$ 0	\$ 362,708
Construction in Progress	\$ 35,401	\$ 34,480	\$ 0	\$ 69,881
Total Fixed Assets In Service:	\$ 13,852,255	\$ 46,095	\$ 0	\$ 13,898,350
Less Accumulated Depreciation	\$ (5,047,014)	\$ (284,137)	\$ 0	\$ (5,331,151)
Net Fixed Assets	\$ 8,805,241	\$ (238,042)	\$ 0	\$ 8,567,199

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2001 and 2000

7. FIXED ASSET MANAGEMENT - (continued)

Statement of Changes in Fixed Assets
 For the fiscal year ended December 31, 2000

Fixed Assets	Bal Jan 1, 2000	Additions	Deletions	Bal Dec 31, 2000
Land	\$ 265,147	\$ 0	\$ 0	\$ 265,147
Buildings	\$ 39,000	\$ 0	\$ 0	\$ 39,000
Treatment Facilities	\$ 2,727,616	\$ 0	\$ 0	\$ 2,727,616
Infrastructures	\$ 10,037,146	\$ 385,237	\$ 0	\$ 10,422,383
Machinery/Equip.	\$ 346,448	\$ 16,260	\$ 0	\$ 362,708
Construction in Progress	\$ 79,590	\$ 5,851	\$ 50,040	\$ 35,401
Total Fixed Assets In Service:	\$ 13,494,947	\$ 407,348	\$ 50,040	\$ 13,852,255
Less Accumulated Depreciation	\$ (4,768,266)	\$ (278,748)	\$ 0	\$ (5,047,014)
Net Fixed Assets	\$ 8,726,681	\$ 128,600	\$ 50,040	\$ 8,805,241

8. BUDGETARY DATA

The Board of Trustees adopts an annual budget which serves as a financial plan for the District. The legal level of control is at the fund level which allows management to adjust individual budget items within the overall budget available. Beginning in 2000, the District prepared a statement of estimated receipts, expenses, and debt charges expected to occur in the ensuing year as required by ORC 5704.28. The Board adopts an annual appropriation resolution based on the budget and the approved capital improvement 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. There were no significant modifications to the budget for either 2000 or 2001.

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 Financial Statements
 For the Years Ended December 31, 2000 and 2001

10. SEGMENT INFORMATION

The District operates one enterprise fund for the collection and treatment of wastewater. The key financial information for the years ended December 31, 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Operating revenues	\$ 717,221	\$ 644,288
Operating expenses less depreciation	480,627	515,344
Depreciation	284,136	278,748
Operating income (loss)	(47,542)	(149,804)
Rent, Royalties and Investment income	7,433	14,870
Interest and fiscal charges	(147,361)	(131,394)
Net income (loss)	(187,470)	(266,328)
Fixed assets	8,567,199	8,805,241
Fixed asset additions	46,095	407,348
Total assets	8,788,307	9,049,727
Net working capital	198,795	232,322
Contributed capital	6,168,482	6,452,647
Total equity	6,612,618	6,800,117

11. BUDGET VS. GAAP RECONCILIATION

While reporting financial position, results of operations and changes retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is founded on accounting for certain transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Budget (Non-GAAP Budget Basis) and Actual - Proprietary Fund Type - Enterprise Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenses (budget basis) rather than a disclosure in the notes for proprietary fund types (GAAP basis).
4. The acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2000 and 2001

11. BUDGET VS. GAAP RECONCILIATION - (continued)

Adjustments necessary to convert the results of operations at the end of the year on a budget basis to the GAAP basis are as follows:

	Net income/Excess of revenues and other financing sources over (under) expenses and other financing uses - Proprietary Fund	
	2001	2000
GAAP basis	\$ (187,470)	\$ (266,328)
Adjustments:		
Revenue accruals	(7,727)	304,836
Expense accruals	161,343	(140,514)
Budget basis	\$ (33,854)	\$ (102,006)

12. CONTINGENCIES

As of December 31, 2001, management is not aware of any claims existed against the District.

This page intentionally left blank

STATISTICAL SECTION

**ATWOOD REGIONAL WATER AND SEWER DISTRICT
DEMOGRAPHIC SUMMARY 2001**

EMPLOYMENT

Employer:	Employees:
Atwood Lake Resort and Conference Center	150
Atwood Lake Boats	60
Muskingum Watershed Conservancy District	35
Carrollton Exempted Schools	21
Tuscarawas Valley Schools	17

Source: Atwood Regional Water and Sewer District

COMMUNITY POPULATION (2000 Census)

Subdivision:	Population:
Sherrodsville, Carroll County	316
Dellroy, Carroll County	294
Monroe Township, Carroll County	1,930
Warren Township, Tuscarawas County	1,194
Carroll County	28,836
Tuscarawas County	90,914

Source: US Census Bureau

COMMUNITY TAX VALUATION

Subdivision:	
Sherrodsville, Carroll County	\$ 2,073,588
Dellroy, Carroll County	\$ 3,033,287
Monroe Township, Carroll County	\$ 41,720,808
Warren Township, Tuscarawas County	\$ 15,635,695

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 Svc
1991	\$ 1,454,904	\$ 116,650	\$ 23,551	\$ 140,201
1992	\$ 1,429,495	\$ 114,792	\$ 25,409	\$ 140,201
1993	\$ 1,402,082	\$ 112,788	\$ 27,413	\$ 140,201
1994	\$ 1,833,494	\$ 110,625	\$ 29,576	\$ 140,201
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
Total		\$ 1,375,963	\$ 489,351	\$ 1,865,314

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 1,204 active accounts which represents the equivalent of 1,790 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 Svcs	Interest	Loans & Grants	Total
1991	\$449,655	\$19,743	\$0	\$469,398
1992	\$450,248	\$9,692	\$80,000	\$539,940
1993	\$466,903	\$6,478	\$0	\$473,381
1994	\$500,193	\$8,622	\$210,636	\$719,451
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	\$644,288	\$14,870	\$308,974	\$968,132
2001	\$717,221	\$7,433	\$0	\$724,654

Source: Atwood Regional Water and Sewer District

Atwood Regional Water and Sewer District
TEN YEAR HISTORICAL SUMMARY

Expenditures by Type

	Personal Services	Contract Services	Materials	Utilities	Other Operating Expense	Interest	Loan Ret	Other non-op exp
1991	\$154,205	\$30,242	\$35,426	\$57,870	\$12,248	\$116,650	\$23,551	\$192
1992	\$153,266	\$130,269	\$65,426	\$56,735	\$13,122	\$114,792	\$25,409	\$0
1993	\$194,113	\$8,111	\$126,877	\$61,023	\$21,950	\$116,077	\$27,413	\$0
1994	\$232,740	\$5,959	\$118,646	\$59,836	\$17,997	\$113,982	\$109,566	\$0
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

Source: Atwood Regional Water and Sewer District

TEN YEAR OPERATIONS SUMMARY

AVE DAILY FLOW (mgd)	EFFLUENT (ppm)			INFLUENT (ppm)			Yrly Oxygen Demand (tons)	Yrly Solids Removed (tons)
	BOD	SOLIDS	AMMONIA	BOD	SOLIDS	AMMONIA		
0.282	1.717	1.860	0.578	191.033	190.667	10.000	81.24	81.02
0.195	1.517	1.758	0.593	142.450	181.875	10.000	41.85	53.48
0.215	1.475	1.717	0.620	157.317	163.575	10.000	50.88	52.84
0.196	2.017	1.642	0.593	161.092	166.075	10.000	47.48	49.07
0.165	1.742	1.800	0.563	151.508	146.575	10.000	37.57	36.32
0.209	1.967	2.842	0.604	156.925	152.058	10.000	49.31	47.49
0.164	2.658	2.342	0.469	162.575	157.075	10.000	39.98	38.68
0.152	2.850	2.429	0.465	170.300	158.708	10.000	38.82	36.23
0.166	2.542	2.533	0.683	133.775	143.283	9.813	33.14	35.54
0.154	1.800	1.742	0.340	132.350	145.467	8.325	30.67	33.76
0.191	1.417	1.417	0.312	126.467	141.892	9.025	36.43	40.93

2001

Annual Wastewater Treated:	102.90 Million Gallons
Annual Solids Removed:	81.02 Tons
Annual Biochemical Oxygen Demand (BOD) :	81.24 Tons
Annual Ammonia Removed:	4.04 Tons

2001

Average Daily Flow: 281,925 Gallons

Pollutant:	Daily Discharge Limits		Average Daily	
	ppm	lbs limits	Dischg (lbs)	Removed (lbs)
Suspended Solids:	8.0	18.81	4.37	443.93
Biochemical Oxygen Demand:	7.0	16.46	4.04	445.13
Ammonia:	1.5	3.53	1.36	22.15

AVG DAILY FLOW IN 1000 GALS	281.9	Operating cost/1000 gal:	\$7.43
Total 2001 in 1000 gal:	102,903	Debt svc per 1000 gal:	\$2.14
Total 2001 Expense other than Capital Improvements outlay:	\$764,763	Cost per 1000 gal:	\$9.57

Source: Atwood Regional Water and Sewer District



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ATWOOD WATER AND SEWER DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2002**