

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Regular Audit
For the Years Ended December 31, 2016 and 2015



Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549

natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com



Dave Yost • Auditor of State

Board of Trustees
Greenfield Township Water and Sewer District
4663 Carroll-Cemetery Road, NW
Carroll, Ohio 43112

We have reviewed the *Independent Auditor's Report* of the Greenfield Township Water and Sewer District, Fairfield County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. 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 Greenfield Township Water and Sewer District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

November 16, 2018

This page intentionally left blank.

Greenfield Township Water & Sewer District
Table of Contents
For the Years Ended December 31, 2016 and 2015

Title	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Net Position.....	8
Statements of Revenues, Expenses and Changes in Net Position.....	10
Statements of Cash Flows.....	11
Notes to Basic the Financial Statements.....	13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24
Schedule of Prior Audit Findings.....	26

This page intentionally left blank.

Independent Auditor's Report

Board of Trustees
Greenfield Township Water & Sewer District
4663 Carroll-Cemetery Road NW
Carroll, Ohio 43112

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Greenfield Township Water & Sewer District, Fairfield County (the District), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Greenfield Township Water & Sewer District, Fairfield County, as of December 31, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note J to the financial statements, the District transferred operations to Fairfield County on March 30, 2018. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

October 26, 2018

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015
(Unaudited)

This discussion and analysis, along with the accompanying financial reports, of Greenfield Township Water & Sewer District ("the District") is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets of the District exceeded total liabilities on December 31, 2016 by \$1,465,838 and on December 31, 2015 by \$1,199,562. The District's net position increased by \$266,276 (22.2%) in 2016 and increased by \$396,811 (49.4%) in 2015.

The District's operating revenues decreased by \$74,961 (6.1%) in 2016 and increased by \$157,403 (14.6%) in 2015. Operating and maintenance expenses (excluding depreciation expense) increased by \$105,159 (21.0%) in 2016 and decreased by \$143,931 (22.3%) in 2015. Depreciation expense increased \$6,952 (3.0%) in 2016 and decreased \$6,327 (2.6%) in 2015.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The basic financial statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's assets and liabilities. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on December 31. The District's net position is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, assessments, and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. They summarize the net changes in cash resulting from operating, investing, capital and non-capital financing activities.

The **Notes to the Basic Financial Statements** are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015
(Unaudited)

STATEMENTS OF NET POSITION

Table 1 summarizes the Statements of Net Position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets", are capital assets less outstanding debt that was used to acquire those assets.

Table 1

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2014</u>	<u>Difference</u>
Current and Other Assets	\$ 1,895,104	\$ 1,608,060	\$ 287,044	\$ 1,263,235	\$ 344,825
Capital Assets, Net	2,259,844	2,501,163	(241,319)	2,735,530	(234,367)
Total Assets	4,154,948	4,109,223	45,725	3,998,765	110,458
Noncurrent Liabilities	2,231,180	2,520,855	(289,675)	2,793,766	(272,911)
Current Liabilities	457,930	388,806	69,124	402,248	(13,442)
Total Liabilities	2,689,110	2,909,661	(220,551)	3,196,014	(286,353)
Net Position					
Net Investment in Capital Assets	(261,015)	(292,603)	31,588	(315,389)	22,786
Unrestricted	1,726,853	1,492,165	234,688	1,118,140	374,025
Total Net Position	\$ 1,465,838	\$ 1,199,562	\$ 266,276	\$ 802,751	\$ 396,811

The District's net position increased by \$266,276 (22.2%) in 2016 and increased by \$396,811 (49.4%) in 2015. The 2016 increase is primarily due to an increase in cash and a decrease in notes payable for the OWDA loans, which was partially offset by a decrease in assessment receivables and an increase in accounts payable. The 2015 increase is primarily due to an increase in cash and a decrease in notes payable for the OWDA loans, which was partially offset by a decrease in assessment receivables.

Unrestricted net position increased by \$234,688 in 2016 and increased by \$374,025 in 2015. Unrestricted assets may be used without constraints established by bond covenants or other legal requirements. Unrestricted cash and cash equivalents increased by \$322,586 in 2016 and increased by \$404,494 in 2015. The increase in cash and cash equivalents in 2016 and 2015 was due to revenues exceeding expenses and also due to the collection of special assessment balances.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015
(Unaudited)

STATEMENTS OF CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

Table 2

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2014</u>	<u>Difference</u>
Operating Revenues	\$ 1,157,910	\$ 1,232,871	\$ (74,961)	\$ 1,075,468	\$ 157,403
Total Operating Revenues	1,157,910	1,232,871	(74,961)	1,075,468	157,403
Operating Expenses (Excluding Depreciation)	606,786	501,627	105,159	645,558	(143,931)
Depreciation Expense	241,319	234,367	6,952	240,694	(6,327)
Total Operating Expenses	848,105	735,994	112,111	886,252	(150,258)
Operating Income	309,805	496,877	(187,072)	189,216	307,661
Non-Operating Revenues	118,854	83,255	35,599	39,991	43,264
Non-Operating Expenses	162,383	183,321	(20,938)	196,548	(13,227)
Changes in Net Position	266,276	396,811	(130,535)	32,659	364,152
Net Position at Beginning of Year	1,199,562	802,751	396,811	770,092	32,659
Net Position at End of Year	\$ 1,465,838	\$ 1,199,562	\$ 266,276	\$ 802,751	\$ 396,811

Operating revenues decreased \$74,961 (6.1%) in 2016 primarily due to a decrease in usage. Non-operating revenues increased \$35,599 (42.8%) in 2016 primarily due to an increase in intergovernmental revenues from the OWDA interest subsidy which began in 2016. Operating expenses increased by \$112,111 (15.2%) in 2016 primarily due to increased maintenance and repairs for the sewer operations and an increase in legal fees due to an upcoming consolidation with Fairfield County.

Operating revenues increased \$157,403 (14.6%) in 2015 primarily due to an increase in usage. Non-operating revenues increased \$43,264 (108.2%) in 2015 primarily due to increases in tap in fees and other miscellaneous revenues. Operating expenses decreased by \$150,258 (17.0%) in 2015 primarily due to decreased maintenance and repairs for both the water and sewer operations, decreased operations and testing expenses for the water operations, and service charges.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015
(Unaudited)

CAPITAL ASSETS

The District had \$6.5 million invested in capital assets (before depreciation) at the end of both 2016 and 2015. During 2016 and 2015, there were no additions and no disposals.

Table 3

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2014</u>	<u>Difference</u>
Land Easements	\$ 17,230	\$ 17,230	\$ -	\$ 17,230	\$ -
Water Tower	52,100	52,100	-	52,100	-
Building - Water Plant	20,264	20,264	-	20,264	-
Water Line Construction	1,233,481	1,233,481	-	1,233,481	-
Sewer Line Construction	3,061,994	3,061,994	-	3,061,994	-
Water Treatment Plant Improvements	1,748,998	1,748,998	-	1,748,998	-
Water Planning	104,789	104,789	-	104,789	-
Sewer Planning	134,373	134,373	-	134,373	-
General Equipment	103,509	103,509	-	103,509	-
Totals Before Accumulated Depreciation	6,476,738	6,476,738	-	6,476,738	-
Accumulated Depreciation	(4,216,894)	(3,975,575)	(241,319)	(3,741,208)	(234,367)
Net Capital Assets	\$ 2,259,844	\$ 2,501,163	\$ (241,319)	\$ 2,735,530	\$ (234,367)

For additional information regarding capital assets, please see Note I to the basic financial statements.

DEBT

The District issues long term debt to finance much of its construction. Ohio Water Development Authority (OWDA) loans were used to finance most general improvement projects.

Table 4

	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2014</u>	<u>Difference</u>
Ohio Public Works Commission	\$ 66,615	\$ 73,277	\$ (6,662)	\$ 79,939	\$ (6,662)
Ohio Water Development Authority (O.W.D.A.)	2,454,244	2,720,489	(266,245)	2,970,980	(250,491)
Total Long Term Debt	2,520,859	2,793,766	(272,907)	3,050,919	(257,153)
Less: Current Maturities	289,679	272,911	16,768	257,153	15,758
Net Total Long Term Debt	\$ 2,231,180	\$ 2,520,855	\$ (289,675)	\$ 2,793,766	\$ (272,911)

For additional information regarding debt, please see Note E to the basic financial statements.

CASH

Cash and cash equivalents were approximately \$1.26 million on December 31, 2016 and \$938 thousand on December 31, 2015. Of these funds, \$8,849 and \$8,349 was restricted in 2016 and 2015, respectively, for specific use. These accounts are for contractor bonds payable.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Greenfield Township Water and Sewer District, P.O. Box 172, Carroll, Ohio 43112-0172 or (740) 654-2500.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Statements of Net Position
As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,252,373	\$ 929,787
Intergovernmental receivable	22,069	52
Accounts receivable	175,113	189,330
TOTAL CURRENT ASSETS	<u>1,449,555</u>	<u>1,119,169</u>
NONCURRENT ASSETS		
Restricted Assets:		
Cash in savings - contractor bonds	8,849	8,349
TOTAL RESTRICTED ASSETS	<u>8,849</u>	<u>8,349</u>
Capital Assets:		
Land easements	17,230	17,230
Water tower	52,100	52,100
Building - water plant	20,264	20,264
Water line construction	1,233,481	1,233,481
Sewer line construction	3,061,994	3,061,994
Water treatment plant improvements	1,748,998	1,748,998
Water planning	104,789	104,789
Sewer planning	134,373	134,373
General equipment	103,509	103,509
	6,476,738	6,476,738
Less: Accumulated depreciation	(4,216,894)	(3,975,575)
Net Capital Assets	<u>2,259,844</u>	<u>2,501,163</u>
Other Assets:		
Prepaid insurance	6,216	389
Assessment receivables:		
Water	169,206	189,514
Sewer	261,278	290,639
Total Other Assets	<u>436,700</u>	<u>480,542</u>
TOTAL ASSETS	<u>\$ 4,154,948</u>	<u>\$ 4,109,223</u>

(Continued)

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Statements of Net Position (Continued)
As of December 31, 2016 and 2015

	2016	2015
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 110,665	\$ 80,926
Customer deposits	26,517	26,417
Contractor bonds payable	9,000	8,500
Notes & loans payable - current portion	289,679	272,911
Accrued interest payable	22,069	52
TOTAL CURRENT LIABILITIES	457,930	388,806
NONCURRENT LIABILITIES		
Notes and loans payable, net of current portion	2,231,180	2,520,855
TOTAL NONCURRENT LIABILITIES	2,231,180	2,520,855
TOTAL LIABILITIES	2,689,110	2,909,661
NET POSITION		
Net Investment in Capital Assets	(261,015)	(292,603)
Unrestricted	1,726,853	1,492,165
TOTAL NET POSITION	\$ 1,465,838	\$ 1,199,562

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

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Billing revenues	\$ 1,146,980	\$ 1,230,089
Late charge revenues	10,930	2,782
TOTAL OPERATING REVENUES	<u>1,157,910</u>	<u>1,232,871</u>
OPERATING EXPENSES		
Trustee fees	3,975	3,525
Contract labor	6,950	5,425
Operations and testing	88,912	109,711
Lancaster service charge	227,588	201,618
Chemical and operating supplies	17,921	22,780
Repairs and maintenance	162,381	75,719
Telephone	5,445	5,165
Utilities	33,311	33,914
Accounting fees	3,840	5,760
Audit fees	5,925	390
Engineering fees	9,896	20,858
Legal fees	28,754	4,642
Office rent	3,250	3,575
Insurance	8,362	6,047
Advertising and communications	52	828
Office supplies	176	1,485
Postage	48	185
Depreciation	241,319	234,367
TOTAL OPERATING EXPENSES	<u>848,105</u>	<u>735,994</u>
OPERATING INCOME	<u>309,805</u>	<u>496,877</u>
NONOPERATING REVENUES (EXPENSES)		
Inspection fees (net of costs)	1,800	1,800
Tap fees and connection fees revenue	15,660	25,325
Interest income	27,816	37,213
Intergovernmental	71,586	120
Meter fees	1,737	1,600
Miscellaneous income	255	17,197
Cost of meters	(7,857)	(13,042)
Interest expense	(154,526)	(170,279)
NET NONOPERATING REVENUES (EXPENSES)	<u>(43,529)</u>	<u>(100,066)</u>
CHANGES IN NET POSITION	266,276	396,811
NET POSITION, BEGINNING OF YEAR	<u>1,199,562</u>	<u>802,751</u>
NET POSITION, END OF YEAR	<u>\$ 1,465,838</u>	<u>\$ 1,199,562</u>

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

Greenfield Township Water and Sewer District
Fairfield County, Ohio
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,172,127	\$ 1,220,688
Cash payments to suppliers for goods and services	(582,874)	(533,311)
Net cash provided by operating activities	<u>589,253</u>	<u>687,377</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Increase in customer deposits	100	2,500
Increase in contractor bonds	500	-
Miscellaneous income	255	17,197
Net cash provided by non-capital financing activities	<u>855</u>	<u>19,697</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Inspection fee	1,800	1,800
Meter fees net of cost	(6,120)	(11,442)
OWDA principal payments	(266,245)	(250,491)
OWDA interest payments	(82,940)	(170,295)
OPWC principal payments	(6,662)	(6,662)
Intergovernmental - interest subsidy	-	136
Special assessment collections - County Auditor	49,669	71,836
Special assessment interest income	25,162	37,130
Tap fees	15,660	25,325
Net cash used by capital and related financing activities	<u>(269,676)</u>	<u>(302,663)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	2,654	83
Net increase in cash and cash equivalents	323,086	404,494
Cash and cash equivalents, beginning of year	938,136	533,642
Cash and cash equivalents, end of year	<u>\$ 1,261,222</u>	<u>\$ 938,136</u>

(Continued)

Greenfield Township Water & Sewer District
 Fairfield County, Ohio
 Statements of Cash Flows (Continued)
 For the Years Ended December 31, 2016 and 2015

	2016	2015
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 309,805	\$ 496,877
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	241,319	234,367
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	14,217	(12,183)
(Increase)/Decrease in prepaids	(5,827)	-
Increase/(Decrease) in accounts payable	29,739	(31,684)
Total adjustments	279,448	190,500
Net cash provided by operating activities	\$ 589,253	\$ 687,377
 Non-cash transactions:		
Intergovernmental revenue - interest subsidy	49,569	-
Interest expense - interest subsidy	(49,569)	-

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

NOTE A – NATURE OF ORGANIZATION

Greenfield Township Water & Sewer District (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established to provide water and sewer services to the residents of Greenfield Township. The District is directed by an appointed five-member Board of Trustees.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the District. Under the criteria specified in these GASB Statements, the District has no component units nor is it considered a component unit of the State of Ohio. The District is considered, however, a political subdivision to the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The District is not financially accountable for any other organizations. This is evidenced by the fact that the District is a legally and fiscally separate and distinct organization. The District is solely responsible for its finances. The District is empowered to issue debt payable solely from District revenues.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the District has no component units.

The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

1. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The fund type which the District uses is described below:

Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's enterprise fund is described as follows:

Water and Sewer Fund – This fund receives charges for services from residents to cover the cost of providing these utilities, and loan and grant proceeds to improve the District's systems.

2. Basis of Accounting

The accounting records are maintained on the accrual basis of accounting for financial reporting purposes. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

3. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget and an annual appropriation resolution for the years ended December 31, 2016 and 2015.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

Encumbrances - The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

- 4. Measurement Focus** – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the statement of net position. This measurement focus emphasizes the determination of net income. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

5. Revenue Recognition

Revenues for service fees are recorded in the period the service is provided. Revenue for tap fees are recorded when the taps have been installed and the customer is using the service. All other revenue is recognized when earned.

6. Accounts Receivable

Accounts receivable are presented at their net realizable value. Fairfield County Utilities managed all accounts receivable, including the enforcement of a shut-off policy. Uncollectible sewer account balances are certified to the County Auditor after administrative collection efforts have been exhausted.

7. Restricted Assets

As explained in Note C, a restricted savings account was established for contractor bonds.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. Capital Assets

Capital assets are presented at cost and are depreciated over the estimated useful lives of the assets from 5 to 25 years, depending upon the type of asset. In addition, interest costs incurred during the construction of the water and sewer system are capitalized and included in capital assets. Once construction is complete and a project is operational, depreciation begins on all planning costs, construction costs, and capitalized interest over the life of the construction loan, which is determined to be the estimated useful life of the assets. The District maintains a capital asset threshold of \$100.

Depreciation is computed using the straight-line method for financial reporting purposes. Repairs and maintenance costs are charged to operations when incurred. Improvements and additions are capitalized.

9. Income Tax

The District operates as a public water/sewer system exempt from federal income tax under Internal Revenue Code Section 501(c)(1).

10. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

11. Interest Expense

Interest expense represents the interest portion of construction loan payments to the Ohio Water Development Authority.

12. Interest Income

Interest income represents earnings from the checking account and assessment receivables.

13. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

14. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted net position and unrestricted net position are available.

15. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are district fees for water and sewer services provided. Operating expenses are necessary costs incurred to provide the goods and/or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2016 and 2015 are recorded as prepaid items using the consumption method. A current asset of the prepaid amount is recorded at the time of purchase and as an expense in the year in which the services are consumed.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE C – CONTRACTOR BONDS

A separate savings account has been set up for contractor bonds.

NOTE D – ACCOUNTS AND ASSESSMENTS RECEIVABLE

Following are accounts receivable balances presented by aging classifications as of December 31, 2016 and 2015:

	2016	2015
Current receivables (0-30 days)	\$ 150,095	\$ 172,256
Delinquent receivables (over 30 days)	25,018	17,074
Total accounts receivable	\$ 175,113	\$ 189,330

Assessment receivables represent the remaining balance of construction assessments less prepayments and principal payments from the County Auditor. Once a project is complete, the related assessments are calculated. Prepayments are permitted for a specified period, and remaining unpaid balances are certified to the county auditor for semi-annual collection over 25 years through real estate tax billings. Interest is being charged at the same rate as the respective OWDA loan. The District had amounts receivable for assessments of water and sewer line construction costs to local service users in the amounts of \$169,206 and \$261,278 respectively, as of December 31, 2016 (\$189,514 and \$290,639 respectively, as of December 31, 2015). These amounts will be paid over the life of the related debt including interest at a rate of 6.72% for some assessments and 3.98% for the remaining assessments.

NOTE E – CURRENT AND LONG-TERM DEBT

Current and long-term debt at December 31, 2016 and 2015 are as follows:

	Interest Rate	First Payment	Contract Term	12/31/2016	12/31/2015
Notes payable to OWDA:					
Construction loan 1606	7.24%	1/1/1994	25 yrs.	\$ 11,443	\$ 18,475
Construction loan 1607	7.24%	1/1/1994	25 yrs.	11,443	18,475
Construction loan 2938	6.58%	7/1/1996	25 yrs.	60,286	73,104
Construction loan 2966	6.72%	1/1/1997	25 yrs.	322,723	382,612
Construction loan 2967	6.72%	1/1/1997	25 yrs.	479,063	567,970
Construction loan 2968	6.32%	1/1/1998	24 yrs.	23,434	27,828
Construction loan 3193	6.13%	1/1/2002	25 yrs.	655,552	705,141
Construction loan 4114	3.98%	7/1/2006	25 yrs.	114,363	120,366
Construction loan 4115	3.98%	7/1/2006	25 yrs.	317,464	334,125
Construction loan 4472	4.49%	7/1/2007	30 yrs.	458,473	472,393
				2,454,244	2,720,489
Other loans and bonds:					
Ohio Public Works Commission Loan	0.00%	7/1/2007	20 yrs.	66,615	73,277
Total debt				\$ 2,520,859	\$ 2,793,766

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE E – CURRENT AND LONG-TERM DEBT - Continued

Long-term debt additions and reductions for the years ended December 31, 2016 and 2015 are as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due Within One Year
O.W.D.A.	\$2,720,489	\$0	\$266,245	\$2,454,244	\$283,017
Ohio Public Works Commission	73,277	0	6,662	66,615	6,662
	<u>\$2,793,766</u>	<u>\$0</u>	<u>\$272,907</u>	<u>\$2,520,859</u>	<u>\$289,679</u>

	Balance 12/31/2014	Additions	Reductions	Balance 12/31/2015	Due Within One Year
O.W.D.A.	\$2,970,980	\$0	\$250,491	\$2,720,489	\$266,249
Ohio Public Works Commission	79,939	0	6,662	73,277	6,662
	<u>\$3,050,919</u>	<u>\$0</u>	<u>\$257,153</u>	<u>\$2,793,766</u>	<u>\$272,911</u>

The current and long-term construction loans listed are with Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC). As construction begins on any project, specified amounts from approved OWDA construction loans are used to repay OWDA planning loans. It is the intent of the District to expand the water and sewer services within the District.

Future principal and interest payments on all loans are as follows:

Year Ending December 30,	OWDA Loans			OPWC Loan
	Principal	Interest	Total	Principal
2017	\$ 283,017	\$ 137,752	\$ 420,769	\$ 6,662
2018	292,491	119,910	412,401	6,662
2019	302,506	101,525	404,031	6,662
2020	321,465	82,566	404,031	6,662
2021	214,602	62,386	276,988	6,662
2022-2026	612,337	179,493	791,830	33,305
2027-2031	272,732	64,272	337,004	-
2032-2036	155,094	19,788	174,882	-
Total	<u>\$ 2,454,244</u>	<u>\$ 767,692</u>	<u>\$ 3,221,936</u>	<u>\$ 66,615</u>

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE E – CURRENT AND LONG-TERM DEBT - Continued

In connection with the OWDA loans, the District has pledged future customer revenues, net of specified operating expenses, to repay this debt. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The loans and bonds are payable, through their final maturities, solely from net revenues. Total interest and principal remaining to be paid on these loans is \$3,221,936 at December 31, 2016 and \$3,642,704 at December 31, 2015. For the year ended December 31, 2016, net revenue available, principal and interest paid and the coverage ratio is as follows: \$551,124, \$420,771 and 1.31 respectively. For the year ended December 31, 2015, net revenue available, principal and interest paid and the coverage ratio is as follows: \$731,244, \$420,876, and 1.74, respectively.

On February 18, 2016, the District was notified by the Ohio Water Development Authority (OWDA) that they have implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2016 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated \$171,826 of additional interest subsidies through 2036 in the following amounts annually:

2017	\$40,565
2018	34,085
2019	27,446
2020	20,640
2021	13,385
2022	9,071
2023	7,440
2024	5,709
2025	3,872
2026	1,924
2027	1,341
2028	1,229
2029	1,111
2030	988
2031	860
2032	726
2033	585
2034	439
2035	285
2036	<u>125</u>
Total	<u>\$171,826</u>

NOTE F – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Interim deposits represent interim monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies can be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) of this footnote and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's average portfolio.

NOTE F – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS - Continued

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of December 31, 2016 and 2015, the District's bank balances of \$1,264,688 and \$945,419 were either covered by FDIC or were a part of the collateral pool.

Investments – The District did not have any investments during 2016 and 2015.

NOTE G – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions and natural disasters. The District contracted with Rinehart-Walters-Danner Insurance for commercial general liability insurance. The coverage insures up to \$1,000,000 for each occurrence and \$3,000,000 for an aggregate total.

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage by class from the prior year.

NOTE H – PENDING LITIGATION

The District's general legal counsel is Carlile, Patchen & Murphy, LLP, Columbus, Ohio.

During the period from January 1 to December 31, 2016 and 2015, there were no contingent liabilities or pending litigation for the District that management believes is material to the basic financial statements.

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE I – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

	Ending Balance 12/31/15	Additions	Deletions	Ending Balance 12/31/16
Capital Assets, Not Being Depreciated				
Land Easements	\$ 17,230	\$ -	\$ -	\$ 17,230
Total Capital Assets, Not Being Depreciated	17,230	-	-	17,230
Capital Assets Being Depreciated				
Water Tower	52,100	-	-	52,100
Building - Water Plant	20,264	-	-	20,264
Water Line Construction	1,233,481	-	-	1,233,481
Sewer Line Construction	3,061,994	-	-	3,061,994
Water Treatment Plant Improvements	1,748,998	-	-	1,748,998
Water Planning	104,789	-	-	104,789
Sewer Planning	134,373	-	-	134,373
General Equipment	103,509	-	-	103,509
Total Capital Assets, Being Depreciated	6,459,508	-	-	6,459,508
Less Accumulated Depreciation:				
Water Tower	(46,107)	(1,971)	-	(48,078)
Building - Water Plant	(17,942)	(762)	-	(18,704)
Water Line Construction	(807,565)	(49,649)	-	(857,214)
Sewer Line Construction	(1,953,739)	(112,838)	-	(2,066,577)
Water Treatment Plant Improvements	(952,494)	(69,631)	-	(1,022,125)
Water Planning	(49,770)	(2,547)	-	(52,317)
Sewer Planning	(52,482)	(2,697)	-	(55,179)
General Equipment	(95,476)	(1,224)	-	(96,700)
Total Accumulated Depreciation	(3,975,575)	(241,319)	-	(4,216,894)
Total Capital Assets Being Depreciated, Net	2,483,933	(241,319)	-	2,242,614
Total Capital Assets, Net	\$ 2,501,163	\$ (241,319)	\$ -	\$ 2,259,844

Greenfield Township Water & Sewer District
Fairfield County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

NOTE I – CAPITAL ASSETS – Continued

Capital assets activity for the year ended December 31, 2015 was as follows:

	Ending Balance 12/31/14	Additions	Deletions	Ending Balance 12/31/15
Capital Assets, Not Being Depreciated				
Land Easements	\$ 17,230	\$ -	\$ -	\$ 17,230
Total Capital Assets, Not Being Depreciated	17,230	-	-	17,230
Capital Assets Being Depreciated				
Water Tower	52,100	-	-	52,100
Building - Water Plant	20,264	-	-	20,264
Water Line Construction	1,233,481	-	-	1,233,481
Sewer Line Construction	3,061,994	-	-	3,061,994
Water Treatment Plant Improvements	1,748,998	-	-	1,748,998
Water Planning	104,789	-	-	104,789
Sewer Planning	134,373	-	-	134,373
General Equipment	103,509	-	-	103,509
Total Capital Assets, Being Depreciated	6,459,508	-	-	6,459,508
Less Accumulated Depreciation:				
Water Tower	(44,136)	(1,971)	-	(46,107)
Building - Water Plant	(17,180)	(762)	-	(17,942)
Water Line Construction	(763,839)	(43,726)	-	(807,565)
Sewer Line Construction	(1,840,901)	(112,838)	-	(1,953,739)
Water Treatment Plant Improvements	(882,863)	(69,631)	-	(952,494)
Water Planning	(47,223)	(2,547)	-	(49,770)
Sewer Planning	(49,785)	(2,697)	-	(52,482)
General Equipment	(95,281)	(195)	-	(95,476)
Total Accumulated Depreciation	(3,741,208)	(234,367)	-	(3,975,575)
Total Capital Assets Being Depreciated, Net	2,718,300	(234,367)	-	2,483,933
Total Capital Assets, Net	\$ 2,735,530	\$ (234,367)	\$ -	\$ 2,501,163

NOTE J – SUBSEQUENT EVENT

As of December 31, 2017, the District was in negotiations with Fairfield County to turn over the District's operations to the County. It is anticipated that this will occur during fiscal year 2018. The District plans to transfer all assets and liabilities to Fairfield County at that time, with the exception of \$100,000 to cover any remaining costs for legal, accounting, auditing and other related costs until the District is able to completely cease operations. At that time, Fairfield County will also completely take over water and sewer operations. Upon completion of the final audit, the District will then transfer any remaining funds to Fairfield County.

NOTE K – NEW ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2016, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 77, Tax Abatement Disclosures, and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the District's fiscal year 2016 note disclosures; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the certain information about the agreements including brief descriptive information such as the tax being abated, the authority under and mechanism by which tax abatements are provided, eligibility criteria, provisions for recapturing abated taxes, the types of commitments made by tax abatement recipients, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Greenfield Township Water & Sewer District
4663 Carroll-Cemetery Road NW
Carroll, Ohio 43112

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Greenfield Township Water & Sewer District, Fairfield County (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 26, 2018, wherein we noted the District transferred operations to Fairfield County on March 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robyn Roush, CPA, CITP
Vice-President/Owner
Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

October 26, 2018

Greenfield Township Water & Sewer District

Schedule of Prior Audit Findings

For the Year Ended December 31, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2015-001	Material Weakness – Financial Reporting	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT

FAIRFIELD 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
NOVEMBER 29, 2018**