

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Regular Audit  
For the Years Ended December 31, 2017 and 2016



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](mailto:natalie@millhuffstangcpa.com) / [roush@millhuffstangcpa.com](mailto:roush@millhuffstangcpa.com)  
[www.millhuffstangcpa.com](http://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, 2017 through December 31, 2017. 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, 2017 and 2016*

---

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

**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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016  
*(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, 2017 by \$1,752,637 and on December 31, 2016 by \$1,465,838. The District's net position increased by \$286,799 (19.6%) in 2017 and increased by \$266,276 (22.2%) in 2016.

The District's operating revenues increased by \$11,979 (1.0%) in 2017 and decreased by \$74,961 (-6.1%) in 2016. Operating and maintenance expenses (excluding depreciation expense) decreased by \$23,266 (-3.8%) in 2017 and increased by \$105,159 (21.0%) in 2016. Depreciation expense decreased \$5,182 (-2.1%) in 2017 and increased \$6,952 (3.0%) in 2016.

### **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, 2017 and 2016  
(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>2017</u>	<u>2016</u>	<u>Difference</u>	<u>2015</u>	<u>Difference</u>
Current and Other Assets	\$ 2,128,141	\$ 1,895,104	\$ 233,037	\$ 1,608,060	\$ 287,044
Capital Assets, Net	2,023,707	2,259,844	(236,137)	2,501,163	(241,319)
<b>Total Assets</b>	<b>4,151,848</b>	<b>4,154,948</b>	<b>(3,100)</b>	<b>4,109,223</b>	<b>45,725</b>
Noncurrent Liabilities	1,932,029	2,231,180	(299,151)	2,520,855	(289,675)
Current Liabilities	467,182	457,930	9,252	388,806	69,124
<b>Total Liabilities</b>	<b>2,399,211</b>	<b>2,689,110</b>	<b>(289,899)</b>	<b>2,909,661</b>	<b>(220,551)</b>
<b>Net Position</b>					
Net Investment in Capital Assets	(207,474)	(261,015)	53,541	(292,603)	31,588
Unrestricted	1,960,111	1,726,853	233,258	1,492,165	234,688
<b>Total Net Position</b>	<b>\$ 1,752,637</b>	<b>\$ 1,465,838</b>	<b>\$ 286,799</b>	<b>\$ 1,199,562</b>	<b>\$ 266,276</b>

The District's net position increased by \$286,799 (19.6%) in 2017 and increased by \$266,276 (22.2%) in 2016. The 2017 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. 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.

Unrestricted net position increased by \$233,258 in 2017 and increased by \$234,688 in 2016. Unrestricted assets may be used without constraints established by bond covenants or other legal requirements. Unrestricted cash and cash equivalents increased by \$287,479 in 2017 and increased by \$322,586 in 2016. The increase in cash and cash equivalents in 2017 and 2016 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, 2017 and 2016  
(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>2017</u>	<u>2016</u>	<u>Difference</u>	<u>2015</u>	<u>Difference</u>
Operating Revenues	\$ 1,169,889	\$ 1,157,910	\$ 11,979	\$ 1,232,871	\$ (74,961)
<b>Total Operating Revenues</b>	<b>1,169,889</b>	<b>1,157,910</b>	<b>11,979</b>	<b>1,232,871</b>	<b>(74,961)</b>
Operating Expenses (Excluding Depreciation)	583,520	606,786	(23,266)	501,627	105,159
Depreciation Expense	236,137	241,319	(5,182)	234,367	6,952
<b>Total Operating Expenses</b>	<b>819,657</b>	<b>848,105</b>	<b>(28,448)</b>	<b>735,994</b>	<b>112,111</b>
Operating Income	350,232	309,805	40,427	496,877	(187,072)
Non-Operating Revenues	75,748	118,854	(43,106)	83,255	35,599
Non-Operating Expenses	139,181	162,383	(23,202)	183,321	(20,938)
<b>Changes in Net Position</b>	<b>286,799</b>	<b>266,276</b>	<b>20,523</b>	<b>396,811</b>	<b>(130,535)</b>
<b>Net Position at Beginning of Year</b>	<b>1,465,838</b>	<b>1,199,562</b>	<b>266,276</b>	<b>802,751</b>	<b>396,811</b>
<b>Net Position at End of Year</b>	<b>\$ 1,752,637</b>	<b>\$ 1,465,838</b>	<b>\$ 286,799</b>	<b>\$ 1,199,562</b>	<b>\$ 266,276</b>

Operating revenues increased slightly by \$11,979 (1.0%) in 2017. Non-operating revenues decreased \$43,106 (-36.3%) in 2017 primarily due to a decrease in intergovernmental revenues from the OWDA interest subsidy which began in 2016. Operating expenses decreased by \$28,448 (-3.4%) in 2017 primarily due to decreased maintenance and repairs for the sewer operations and a decrease in audit fees due to two-year audit cycle schedule.

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

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2017 and 2016  
(Unaudited)

**CAPITAL ASSETS**

The District had \$6.5 million invested in capital assets (before depreciation) at the end of both 2017 and 2016. During 2017 and 2016, there were no additions and no disposals.

**Table 3**

	<u>2017</u>	<u>2016</u>	<u>Difference</u>	<u>2015</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	-
<b>Totals Before Accumulated Depreciation</b>	<b>6,476,738</b>	<b>6,476,738</b>	<b>-</b>	<b>6,476,738</b>	<b>-</b>
Accumulated Depreciation	(4,453,031)	(4,216,894)	(236,137)	(3,975,575)	(241,319)
<b>Net Capital Assets</b>	<b>\$ 2,023,707</b>	<b>\$ 2,259,844</b>	<b>\$ (236,137)</b>	<b>\$ 2,501,163</b>	<b>\$ (241,319)</b>

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>2017</u>	<u>2016</u>	<u>Difference</u>	<u>2015</u>	<u>Difference</u>
Ohio Public Works Commission	\$ 59,953	\$ 66,615	\$ (6,662)	\$ 73,277	\$ (6,662)
Ohio Water Development Authority (O.W.D.A.)	2,171,228	2,454,244	(283,016)	2,720,489	(266,245)
<b>Total Long Term Debt</b>	<b>2,231,181</b>	<b>2,520,859</b>	<b>(289,678)</b>	<b>2,793,766</b>	<b>(272,907)</b>
Less: Current Maturities	299,152	289,679	9,473	272,911	16,768
<b>Net Total Long Term Debt</b>	<b>\$ 1,932,029</b>	<b>\$ 2,231,180</b>	<b>\$ (299,151)</b>	<b>\$ 2,520,855</b>	<b>\$ (289,675)</b>

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

**CASH**

Cash and cash equivalents were approximately \$1.55 million on December 31, 2017 and \$1.26 million on December 31, 2016. Of these funds, \$8,349 and \$8,849 was restricted in 2017 and 2016 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  
For the Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,539,852	\$ 1,252,373
Intergovernmental receivable	18,946	22,069
Accounts receivable	171,348	175,113
<b>TOTAL CURRENT ASSETS</b>	<b>1,730,146</b>	<b>1,449,555</b>
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Cash in savings - contractor bonds	8,349	8,849
<b>TOTAL RESTRICTED ASSETS</b>	<b>8,349</b>	<b>8,849</b>
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	(4,453,031)	(4,216,894)
<b>Net Capital Assets</b>	<b>2,023,707</b>	<b>2,259,844</b>
Other Assets:		
Prepaid insurance	368	6,216
Assessment receivables:		
Water	151,954	169,206
Sewer	237,324	261,278
<b>Total Other Assets</b>	<b>389,646</b>	<b>436,700</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 4,151,848</b>	 <b>\$ 4,154,948</b>

(Continued)

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Statements of Net Position (Continued)  
For the Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 112,908	\$ 110,665
Customer deposits	27,676	26,517
Contractor bonds payable	8,500	9,000
Notes & loans payable - current portion	299,152	289,679
Accrued interest payable	18,946	22,069
TOTAL CURRENT LIABILITIES	467,182	457,930
 <b>NONCURRENT LIABILITIES</b>		
Notes and loans payable, net of current portion	1,932,029	2,231,180
TOTAL NONCURRENT LIABILITIES	1,932,029	2,231,180
 TOTAL LIABILITIES	 2,399,211	 2,689,110
 <b>NET POSITION</b>		
Net Investment in Capital Assets	(207,474)	(261,015)
Unrestricted	1,960,111	1,726,853
 TOTAL NET POSITION	 \$ 1,752,637	 \$ 1,465,838

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Billing revenues	\$ 1,157,775	\$ 1,146,980
Late charge revenues	12,114	10,930
TOTAL OPERATING REVENUES	<u>1,169,889</u>	<u>1,157,910</u>
<b>OPERATING EXPENSES</b>		
Trustee fees	2,100	3,975
Contract labor	6,625	6,950
Operations and testing	104,881	88,912
Lancaster service charge	271,321	227,588
Chemical and operating supplies	8,253	17,921
Repairs and maintenance	101,373	162,381
Telephone	5,481	5,445
Utilities	36,019	33,311
Accounting fees	3,840	3,840
Audit fees	-	5,925
Engineering fees	8,265	9,896
Legal fees	25,241	28,754
Office rent	3,575	3,250
Insurance	5,901	8,362
Advertising and communications	-	52
Office supplies	397	176
Postage	248	48
Depreciation	236,137	241,319
TOTAL OPERATING EXPENSES	<u>819,657</u>	<u>848,105</u>
OPERATING INCOME	<u>350,232</u>	<u>309,805</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Inspection fees (net of costs)	600	1,800
Tap fees and connection fees revenue	8,150	15,660
Interest income	25,175	27,816
Intergovernmental	40,565	71,586
Meter fees	600	1,737
Miscellaneous income	658	255
Cost of meters	(1,428)	(7,857)
Interest expense	(137,753)	(154,526)
NET NONOPERATING REVENUES (EXPENSES)	<u>(63,433)</u>	<u>(43,529)</u>
CHANGES IN NET POSITION	286,799	266,276
NET POSITION, BEGINNING OF YEAR	<u>1,465,838</u>	<u>1,199,562</u>
NET POSITION, END OF YEAR	<u>\$ 1,752,637</u>	<u>\$ 1,465,838</u>

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 Cash Flows  
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,173,654	\$ 1,172,127
Cash payments to suppliers for goods and services	<u>(575,429)</u>	<u>(582,874)</u>
Net cash provided by operating activities	<u>598,225</u>	<u>589,253</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Increase in customer deposits	1,159	100
Increase (decrease) in contractor bonds	(500)	500
Miscellaneous income	<u>658</u>	<u>255</u>
Net cash provided by non-capital financing activities	<u>1,317</u>	<u>855</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Inspection fee	600	1,800
Meter fees net of cost	(828)	(6,120)
OWDA principal payments	(283,016)	(266,245)
OWDA interest payments	(97,188)	(82,940)
OPWC principal payments	(6,662)	(6,662)
Special assessment collections - County Auditor	41,206	49,669
Special assessment interest income	25,025	25,162
Tap fees	<u>8,150</u>	<u>15,660</u>
Net cash used by capital and related financing activities	<u>(312,713)</u>	<u>(269,676)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	<u>150</u>	<u>2,654</u>
Net increase in cash and cash equivalents	286,979	323,086
Cash and cash equivalents, beginning of year	<u>1,261,222</u>	<u>938,136</u>
Cash and cash equivalents, end of year	<u>\$ 1,548,201</u>	<u>\$ 1,261,222</u>

(Continued)



Greenfield Township Water & Sewer District  
 Fairfield County, Ohio  
 Statements of Cash Flows (Continued)  
 For the Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 350,232	\$ 309,805
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	236,137	241,319
<b>Changes in assets and liabilities:</b>		
(Increase)/Decrease in accounts receivable	3,765	14,217
(Increase)/Decrease in prepaids	5,848	(5,827)
Increase/(Decrease) in accounts payable	2,243	29,739
Total adjustments	247,993	279,448
Net cash provided by operating activities	\$ 598,225	\$ 589,253
 <b>Non-cash transactions:</b>		
Intergovernmental revenue - interest subsidy	\$ 43,688	\$ 49,569
Interest expense - interest subsidy	\$ (43,688)	\$ (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, 2017 and 2016.

**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, 2017 and 2016 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, 2017 and 2016

---

**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, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Current receivables (0-30 days)	\$ 161,853	\$ 150,095
Delinquent receivables (over 30 days)	9,495	25,018
Total accounts receivable	\$ 171,348	\$ 175,113

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 \$151,954 and \$237,324 respectively, as of December 31, 2017 (\$169,206 and \$261,278 respectively, as of December 31, 2016). 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, 2017 and 2016 are as follows:

	<b>Interest Rate</b>	<b>First Payment</b>	<b>Contract Term</b>	<b>12/31/2017</b>	<b>12/31/2016</b>
<b>Notes payable to OWDA:</b>					
Construction loan 1606	7.24%	1/1/1994	25 yrs.	\$ 3,902	\$ 11,443
Construction loan 1607	7.24%	1/1/1994	25 yrs.	3,902	11,443
Construction loan 2938	6.58%	7/1/1996	25 yrs.	46,624	60,286
Construction loan 2966	6.72%	1/1/1997	25 yrs.	258,809	322,723
Construction loan 2967	6.72%	1/1/1997	25 yrs.	384,181	479,063
Construction loan 2968	6.32%	1/1/1998	24 yrs.	18,761	23,434
Construction loan 3193	6.13%	1/1/2002	25 yrs.	602,877	655,552
Construction loan 4114	3.98%	7/1/2006	25 yrs.	108,119	114,363
Construction loan 4115	3.98%	7/1/2006	25 yrs.	300,132	317,464
Construction loan 4472	4.49%	7/1/2007	30 yrs.	443,921	458,473
				2,171,228	2,454,244
<b>Other loans and bonds:</b>					
Ohio Public Works Commission Loan	0.00%	7/1/2007	20 yrs.	59,953	66,615
Total debt				\$ 2,231,181	\$ 2,520,859

---

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2017 and 2016

**NOTE E – CURRENT AND LONG-TERM DEBT - Continued**

Long-term debt additions and reductions for the years ended December 31, 2017 and 2016 are as follows:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
O.W.D.A.	\$2,454,244	\$0	\$283,016	\$2,171,228	\$292,490
Ohio Public Works Commission	66,615	0	6,662	59,953	6,662
	<u>\$2,520,859</u>	<u>\$0</u>	<u>\$289,678</u>	<u>\$2,231,181</u>	<u>\$299,152</u>

	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>

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
2018	\$ 292,490	\$ 119,910	\$ 412,400	\$ 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	118,120	49,452	167,572	6,662
2023-2027	551,867	147,897	699,764	26,643
2028-2032	243,408	53,066	296,474	-
2033-2036	126,770	13,138	139,908	-
Total	<u>\$ 2,171,228</u>	<u>\$ 629,940</u>	<u>\$ 2,801,168</u>	<u>\$ 59,953</u>

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2017 and 2016

---

**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 \$2,801,168 at December 31, 2017 and \$3,221,936 at December 31, 2016. For the year ended December 31, 2017, net revenue available, principal and interest paid and the coverage ratio is as follows: \$586,369, \$380,204 and 1.54 respectively. 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.

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 2017 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 \$131,261 of additional interest subsidies through 2036 in the following amounts annually:

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>\$131,261</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. Commercial paper notes issued by any entity that is defined in division (D) of section 1705/01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase; and
9. Bankers' acceptances for a period not to exceed 180 days and in an amount not to exceed ten percent of the District's average portfolio.



Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2017 and 2016

---

**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 bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party.

As of December 31, 2017 and 2016, the District's bank balances of \$1,555,301 and \$1,264,688 were either covered by the Federal Deposit Insurance Corporation (FDIC) or were a part of the collateral pool. At December 31, 2017 and 2016, respectively, \$1,296,952 and \$1,005,839 of the District's bank balances were exposed to custodial credit risk. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments** – The District did not have any investments during 2017 and 2016.

**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 O'Keefe Family Law, Columbus, Ohio.

During the period from January 1 to December 31, 2017 and 2016, 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, 2017 and 2016

---

**NOTE I – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2017 was as follows:

	Ending Balance 12/31/2016	Additions	Deletions	Ending Balance 12/31/2017
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	(48,078)	(1,971)	-	(50,049)
Building - Water Plant	(18,704)	(762)	-	(19,466)
Water Line Construction	(857,214)	(44,466)	-	(901,680)
Sewer Line Construction	(2,066,577)	(112,839)	-	(2,179,416)
Water Treatment Plant Improvements	(1,022,125)	(69,631)	-	(1,091,756)
Water Planning	(52,317)	(2,547)	-	(54,864)
Sewer Planning	(55,179)	(2,697)	-	(57,876)
General Equipment	(96,700)	(1,224)	-	(97,924)
Total Accumulated Depreciation	(4,216,894)	(236,137)	-	(4,453,031)
Total Capital Assets Being Depreciated, Net	2,242,614	(236,137)	-	2,006,477
Total Capital Assets, Net	\$ 2,259,844	\$ (236,137)	\$ -	\$ 2,023,707

Greenfield Township Water & Sewer District  
Fairfield County, Ohio  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2017 and 2016

**NOTE I – CAPITAL ASSETS – Continued**

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

**NOTE J – SUBSEQUENT EVENT**

The District remains in negotiations with Fairfield County to turn over the District's operations to the County. While this was originally anticipated to occur during 2017 this transfer will now occur during fiscal year 2018. On March 30, 2018, the District transferred all assets and liabilities to Fairfield County 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. Fairfield County also took over complete operations of the water and sewer operations at this time, as well. Upon completion of the audit, the District will then transfer any remaining funds to Fairfield County.

**NOTE K – NEW ACCOUNTING PRINCIPLES**

For fiscal year 2017, the District has implemented GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, “Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as no-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payment made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 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, 2017, 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



# 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**