

**GREENFIELD TOWNSHIP  
WATER AND SEWER DISTRICT**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

(Audited)  
For The Years Ended  
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

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**GREENFIELD TOWNSHIP  
WATER AND SEWER DISTRICT**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

(Audited)  
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**PEG ARNETT, CLERK**

# GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT

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Board of Trustees  
Greenfield Township Water and Sewer District  
P.O. Box 172  
Carroll, Ohio 4312-0172

We have reviewed the Independent Auditor's Report of the Greenfield Township Water and Sewer District, Fairfield County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1998 through December 31, 1999. 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.



JIM PETRO  
Auditor of State

July 3, 2000

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report


Board of Trustees  
Greenfield Township Water and Sewer District  
P.O. Box 172  
Carroll, Ohio 43112-0172

We have audited the accompanying general purpose financial statements of the Greenfield Township Water and Sewer District, Ohio, (the "District"), as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greenfield Township Water and Sewer District, Ohio, as of December 31, 1999 and 1998, and the results of its operations and the cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

  
Trimble, Julian & Grube, Inc.  
June 13, 2000

**GREENFIELD TOWSHIP WATER AND SEWER DISTRICT**

**Balance Sheet**

**As of December 31, 1999 and 1998**

**Assets**

	<u>1999</u>	<u>1998</u>
<b><i>Current Assets:</i></b>		
Cash in checking - unrestricted	\$ 8,098	\$ 67,941
Accounts receivable - operating billings	37,480	22,754
Prepaid insurance	-	3,172
Total current assets	<u>45,578</u>	<u>93,867</u>
<b><i>Restricted Assets:</i></b>		
Cash in savings (escrow) - restricted	<u>9,510</u>	<u>9,301</u>
Assessment receivables:		
Water	346,276	352,190
Sewer	387,338	393,781
Total assessment receivables	<u>733,614</u>	<u>745,971</u>
Total restricted assets	<u>743,124</u>	<u>755,272</u>
<b><i>Property, Plant, and Equipment:</i></b>		
Property, plant and equipment	4,230,129	4,067,305
Accumulated depreciation	<u>(654,819)</u>	<u>(490,150)</u>
Total property, plant, and equipment	<u>3,575,310</u>	<u>3,577,155</u>
<b><i>Other Assets:</i></b>		
Loan fees - net of accumulated amortization	<u>12,896</u>	<u>9,517</u>
<b><i>Total Assets</i></b>	<b><u>\$ 4,376,908</u></b>	<b><u>\$ 4,435,811</u></b>

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

**GREENFIELD TOWSHIP WATER AND SEWER DISTRICT**

**Balance Sheet**

**As of December 31, 1999 and 1998**

**Liabilities and Fund Equity**

	<u>1999</u>	<u>1998</u>
<b><i>Current Liabilities:</i></b>		
Accounts payable	\$ 39,357	\$ 22,192
Retainage payable	9,510	9,301
Accrued interest payable	840	109,039
Contracts payable - current	42,500	-
Notes payable - current	<u>54,849</u>	<u>436,907</u>
Total current liabilities	<u>147,056</u>	<u>577,439</u>
<b><i>Long-Term Liabilities:</i></b>		
Contracts payable	42,500	-
Notes payable, net of current portion	<u>3,454,457</u>	<u>2,889,935</u>
Total long-term liabilities	<u>3,496,957</u>	<u>2,889,935</u>
<b><i>Fund Equity:</i></b>		
Contributed capital - grants	702,594	702,594
Contributed capital - assessments	962,000	962,000
Accumulated deficit	<u>(931,699)</u>	<u>(696,157)</u>
Total fund equity	<u>732,895</u>	<u>968,437</u>
<b><i>Total Liabilities and Fund Equity</i></b>	<b><u>\$ 4,376,908</u></b>	<b><u>\$ 4,435,811</u></b>

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

**GREENFIELD TOWSHIP WATER AND SEWER DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Accumulated Deficit**  
**For the Years Ended December 31, 1999 and 1998**

	1999	1998
<b><i>Operating Revenues</i></b>	<b>\$ 300,555</b>	<b>\$ 240,595</b>
<b><i>Operating Expenses:</i></b>		
Trustee fees	3,600	6,050
Contract labor	2,700	2,400
Operations and testing	45,340	43,233
Chemicals and operating supplies	6,501	11,877
Sludge hauling	56,778	84,475
Repairs and maintenance	12,081	14,739
Telephone	3,147	2,739
Utilities	30,061	23,483
Accounting fees	8,339	13,296
Audit fees	5,994	-
Engineering fees	50	1,776
Legal fees	11,243	6,014
Billing fees	8,341	7,971
Rent - office and meeting locations	2,700	2,800
Insurance	3,086	2,767
Advertising and communications	22	57
Office supplies	895	336
Postage	276	221
Bank service fees	351	351
Licenses	538	450
Cost of meters	413	828
Depreciation	164,669	164,088
Amortization	440	417
Total operating expenses	<b>367,565</b>	<b>390,368</b>
Operating Income (Loss)	<b>(67,010)</b>	<b>(149,773)</b>
<b><i>Other Income (Expenses):</i></b>		
Interest income	50,066	51,990
Interest expense	<b>(218,598)</b>	<b>(205,154)</b>
Net Loss	<b>(235,542)</b>	<b>(302,937)</b>
Accumulated Deficit - January 1,	<b>(696,157)</b>	<b>(393,220)</b>
Accumulated Deficit - December 31,	<b>\$ (931,699)</b>	<b>\$ (696,157)</b>

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



**GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 1999 and 1998**

	1999	1998
<i><b>Cash Flows from Operating Activities:</b></i>		
Operating Loss	\$ (67,010)	\$ (149,773)
<i><b>Adjustments to reconcile net operating loss to net cash provided by operating activities:</b></i>		
Depreciation expense	164,669	164,088
Amortization expense	440	417
Changes in assets and liabilities:		
(Increase) in account receivables - billings	(14,726)	(6,938)
(Increase)/decrease in prepaid insurance	3,172	(2,938)
Decrease in assessments receivables	12,357	15,224
Increase/(decrease) in accounts payable	17,165	(7,831)
Increase in retainage payable	209	211
Increase/(decrease) in accrued interest payable	(108,199)	109,039
Increase in contracts payable	85,000	-
Increase in loan fees	(3,819)	-
Net cash provided by operating activities	89,258	121,499
<i><b>Cash Flows from Capital and Related Financing Activities:</b></i>		
Purchase of property, plant and equipment	(162,824)	(25,126)
Contributed capital from grants received	-	32,732
Proceeds of notes	295,786	69,734
Interest charges	(218,598)	(205,154)
Principal retirement	(113,322)	(42,167)
Net cash used by capital and related financing activities	(198,958)	(169,981)
<i><b>Cash Flows from Investing Activities:</b></i>		
Interest income	50,066	51,990
Net Increase/(decrease) in cash and cash equivalents	(59,634)	3,508
Cash and cash equivalents - beginning of year	77,242	73,734
Cash and cash equivalents - end of year	\$ 17,608	\$ 77,242

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

## GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note A - Description of the Entity:**

Greenfield Township Water and 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.

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 general purpose financial statements (GPFS) conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Under the guidelines of GASB 20, the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the District required no change from prior years. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

#### **1. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The GPFS includes the fund for which the District is "accountable". Accountability as described in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the District and whether exclusion would cause the District's GPFS to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the District.

Based on the foregoing criteria, there were no PCU's for the years reported on in the GPFS in accordance with GASB Statement No. 14.

## GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### Note B - Summary of Significant Accounting Policies: (Continued)

#### 2. **Basis of Accounting**

The District prepares its financial statements on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

#### 3. **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, retained earnings, 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.

##### **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.

*Water & 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.

## **GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note B - Summary of Significant Accounting Policies: (Continued)**

#### **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 balance sheet. This measurement focus emphasizes the determination of net income. Fund equity (i.e., net total assets) is segregated into contributed capital and accumulated (deficit)/earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

#### **5. Accounts Receivable**

Accounts receivable are shown at their net realizable value. Water Quality Management, Inc. manages all delinquent accounts, including the enforcement of a shut-off policy for delinquent water accounts. Uncollectible sewer account balances are certified to the County Auditor after administrative collection efforts have been exhausted. Unbilled water utility service receivables are recognized as revenue at year end.

#### **6. Restricted Assets**

A separate escrow savings account was established to maintain the contractor retainage balance due on the construction of the sewage lines. Interest earned is due and payable to the contractor upon project completion.

Receivables from assessments are considered restricted assets on the balance sheet due to their proceeds are restricted to debt retirement of the associated projects in the future.

#### **7. Property, Plant, Equipment and Planning Costs**

Property, plant, equipment and planning costs are stated 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 property, plant and equipment. 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.

## GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note B - Summary of Significant Accounting Policies: (Continued)**

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.

#### **8. Amortization**

Loan costs are being amortized over the life of each loan. Amortization is computed using the straight-line method for financial statement reporting purposes beginning on the first date of each loan. Loan cost amortization expense charged to operations for the year ended December 31, 1999 and 1998 was \$440 and \$417, respectively.

#### **9. Provision for 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, interest expense paid directly to the Ohio Water Development Authority from grants obtained through the Ohio Public Works Commission, and accrued interest expense for the years ended December 31, 1999 and 1998 for the notes obtained through First National Bank of McConnellsville, Ohio.

#### **12. Interest Income**

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

**GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

**Note B - Summary of Significant Accounting Policies: (Continued)**

**13. Estimates**

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

**Note C - Accounts Receivable:**

Accounts receivable balances are shown at their net realizable value, and are broken into the following aging classifications as of December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Current receivables (0-30 days)	\$35,491	\$20,326
Delinquent receivables (31-60 days)	871	1,200
Delinquent receivables (61-90 days)	355	383
Delinquent receivables (over 90 days)	<u>763</u>	<u>845</u>
Total Accounts Receivable	<u>\$37,480</u>	<u>\$22,754</u>

Assessment receivables represent the remaining balance of construction assessments less prepayments and principal payments from the County Auditor. Once the project is complete, 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. In addition, the District had amounts receivable for assessments of water and sewer line construction costs to local service users in the amounts of \$346,276 and \$387,338 as of December 31, 1999 and \$352,190 and \$393,781 as of December 31, 1998. These amounts are due to be paid over the life of the related debt including interest at a rate of 6.72%.

**GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

**Note D - Property, Plant, and Equipment:**

The following is a schedule of property, plant, and equipment at December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Land	\$ 22,750	\$ 22,750
Land easements	16,705	15,817
Water tower	52,100	52,100
Building - water plant	20,264	20,264
Building - sewer plant	49,466	49,466
Water line construction	971,732	971,732
Sewer line construction	1,901,334	1,743,492
Water treatment plant improvements	657,792	657,792
Wastewater plant improvements	226,219	222,125
Water planning	104,789	104,789
Sewer planning	134,373	134,373
General equipment	<u>72,605</u>	<u>72,605</u>
Total	4,230,129	4,067,305
Less accumulated depreciation	<u>(654,819)</u>	<u>(490,150)</u>
 Total property, plant & equipment	 <u>\$3,575,310</u>	 <u>\$3,577,155</u>

**GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

**Note E - Current and Long-term Debt:**

Accrued principal and interest, current and long-term debt at December 31, 1999 are as follows:

	<u>Interest Rate</u>	<u>First Payment</u>	<u>Contract Term</u>	<u>Interest Due In 2000</u>	<u>Accrued Principal Due In 2000</u>	<u>Principal Due After 2000</u>
<b><i>OWDA Loans:</i></b>						
Construction Loan 2103	7.24%	1/1/1994	25 yrs.	\$ 3,076	\$ 1,109	\$ 82,752
Construction Loan 2104	7.24%	1/1/1994	25 yrs.	3,076	1,109	82,752
Construction Loan 3011	6.58%	7/1/1996	25 yrs.	6,502	2,312	195,329
Construction Loan 3035	6.72%	1/1/1997	25 yrs.	32,567	10,234	948,782
Construction Loan 3036	6.72%	1/1/1997	25 yrs.	48,345	15,192	1,408,469
Construction Loan 3036S	6.32%	1/1/1998	25 yrs.	2,278	799	70,485
Construction Loan 9057	6.13%	N/A	25 yrs.	19,306	-	314,934
<b><i>Other Loans:</i></b>						
First National Bank	8.92%	5/20/1999	10 yrs.	29,072	24,094	310,954
Greenfield Township	0.00%	N/A	N/A	-	-	<u>40,000</u>
				<u>\$144,222</u>	<u>\$54,849</u>	<u>\$3,454,457</u>

Future principal and interest payments on all loans as of December 31, 1999 are as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 and after</u>
<b><i>OWDA Loans:</i></b>						
Construction Loan 2103	\$ 4,185	\$ 8,370	\$ 8,370	\$ 8,370	\$ 8,370	\$ 117,175
Construction Loan 2104	4,185	8,370	8,370	8,370	8,370	117,175
Construction Loan 3011	8,814	17,629	17,629	17,629	17,629	290,877
Construction Loan 3035	42,801	85,601	85,601	85,601	85,601	1,455,218
Construction Loan 3036	63,537	127,075	127,075	127,075	127,075	2,160,276
Construction Loan 3036S	3,077	6,154	6,154	6,154	6,154	104,614
Construction Loan 9057	-	-	-	-	-	314,935
<b><i>Other Loans:</i></b>						
First National Bank	53,166	53,166	53,166	53,166	53,166	230,389
Greenfield Township	-	-	-	-	-	<u>40,000</u>
	<u>\$179,765</u>	<u>\$306,365</u>	<u>\$306,365</u>	<u>\$306,365</u>	<u>\$306,365</u>	<u>\$4,830,659</u>



**GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

**Note E - Current and Long-term Debt: (Continued)**

Accrued principal and interest, current and long-term debt at December 31, 1998 are as follows:

		<u>Interest Rate</u>	<u>First Payment</u>	<u>Contract Term</u>	<u>Interest Due In 1999</u>	<u>Accrued Principal Due In 1999</u>	<u>Principal Due After 1999</u>
<b>Planning Loans:</b>							
A)	O.W.D.A.	7.21%	1/1/1997	5 yrs.	\$ 0	\$229,413	\$ 0
<b>Construction Loans:</b>							
A)	O.W.D.A.	7.24%	1/1/1994	25 yrs.	6,302	2,068	84,970
B)	O.W.D.A.	7.24%	1/1/1994	25 yrs.	6,302	2,068	84,970
C)	O.W.D.A.	6.58%	7/1/1996	25 yrs.	13,558	4,205	199,810
D)	O.W.D.A.	6.72%	1/1/1997	25 yrs.	66,422	19,179	969,249
E)	O.W.D.A.	6.72%	1/1/1997	25 yrs.	98,604	28,471	1,438,853
F)	O.W.D.A.	6.32%	1/1/1998	24 yrs.	4,650	1,503	72,083
<b>Other Loans:</b>							
A)	First National Bank	6.5% var	5/14/1999	24 mos.	11,120	150,000	0
B.)	Greenfield Township	0.00%	N/A	N/A	<u>0</u>	<u>0</u>	<u>40,000</u>
					<u>\$206,958</u>	<u>\$436,907</u>	<u>\$2,889,935</u>

Future principal and interest payments on all loans as of December 31, 1998 are as follows:

		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004 and after</u>
<b>Planning Loans:</b>							
A)	O.W.D.A.	\$229,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Construction Loans:</b>							
A)	O.W.D.A.	8,370	8,370	8,370	8,370	8,370	125,545
B)	O.W.D.A.	8,370	8,370	8,370	8,370	8,370	125,545
C)	O.W.D.A.	17,629	17,629	17,629	17,629	17,629	308,506
D)	O.W.D.A.	85,601	85,601	85,601	85,601	85,601	1,540,819
E)	O.W.D.A.	127,075	127,075	127,075	127,075	127,075	2,287,350
F)	O.W.D.A.	6,154	6,154	6,154	6,154	6,154	110,768
<b>Other Loans:</b>							
A)	First National Bank	161,120	-	-	-	-	-
B)	Greenfield Township	-	-	-	-	-	<u>40,000</u>
		<u>\$643,732</u>	<u>\$253,199</u>	<u>\$253,199</u>	<u>\$253,199</u>	<u>\$253,199</u>	<u>\$4,538,533</u>

## **GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note E - Current and Long-term Debt: (Continued)**

The current and long-term construction loans listed are with Ohio Water Development Authority (OWDA). 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.

The District has a ten-year Water Resource Revenue Bond Anticipation Note payable to First National Bank of McConnelsville, Ohio, with a balance of \$335,048 as of December 31, 1999. The maximum amount available to the District is \$350,799. At December 31, 1998, the balance was \$150,000 with the maximum amount available also \$150,000. The District began repayments during 1999 with principal and interest payments due on the 20<sup>th</sup> day of each month, ending April 20, 2009. Interest is calculated at a rate of eight and ninety-two hundredths percent (8.92%).

The District has a loan payable to Greenfield Township, with a balance of \$40,000 as of December 31, 1999 and 1998. This loan has an interest rate of zero percent (0.00%) and is payable as funds are available. There is not a predetermined repayment schedule.

### **Note F - Contributed Capital:**

**Capital grant** - In April, 1992, a \$15,000 capital grant was received to fund start-up costs.

**Capital grant-construction in progress** - From 1993 through 1994, \$420,762 of capital grant funds were received to fund construction and improvement costs of the water treatment plant improvements.

**Capital grant-credit enhancement** - From 1996 through 1998, \$79,233 capitalized interest and \$187,599 interest expense on the OWDA sewer line loan was paid by Ohio Public Works Commission through a credit enhancement grant.

**Assessments** - Contributed capital for assessments totaled \$962,000 at December 31, 1999, and represent the prepaid and certified assessments to customers for construction costs.

### **Note G - Deposits with Financial Institutions - Legal Requirements:**

Moneys held by the District are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the District treasury. Active moneys 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.

## **GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note G - 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 moneys deposited with the institution.

Moneys held by the District which are not considered active are classified as inactive. Inactive moneys may 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 or 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

## **GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note G - Deposits with Financial Institutions - Legal Requirements: (Continued)**

The District may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, District, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations to the District.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

For the years ended December 31, 1999 and 1998, the carrying amount of the District's deposits, were \$17,608 and \$77,242, respectively, and the bank balances were \$17,958 and \$77,242, respectively. Of the bank balances, \$17,958 and \$77,242 was covered by federal depository insurance for the years ended December 31, 1999 and 1998.

### **Note H - Other Required Fund Disclosures:**

The accumulated fund deficit balance for the District was \$931,699 and \$696,157 at December 31, 1999 and 1998, respectively. The District is trying to eliminate this deficit by increasing user fees and monitoring its budget on a continual basis. In addition, the District is in the process of selling a certain unused property parcel.

## **GREENFIELD TOWNSHIP WATER AND SEWER DISTRICT**

Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 1999 and 1998

### **Note I- Risk Management:**

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.

### **Note J- Subsequent Event:**

On June 27, 2000, the District has agreed in a settlement resolved through mediation to pay \$85,000 to a Contractor for services rendered in a prior year. The first payment in the amount of \$42,500 is required on or before November 1, 2000 with final payment due on May 1, 2001. The financial statements reflect the effects of the settlement.

### **Note K- Contingent Liability:**

The District is currently not involved in litigation that the District's legal council anticipates a loss.

# TRIMBLE, JULLAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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

Board of Trustees  
Greenfield Township Water and Sewer District  
P.O. Box 172  
Carroll, Ohio 43112-0172

We have audited the general purpose financial statements of Greenfield Township Water and Sewer District (the "District") as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its' compliance with certain provisions of laws, regulations, contracts and grants. 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Greenfield Township Water and Sewer District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of Greenfield Township Water and Sewer District in a separate letter dated June 13, 2000.

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

Handwritten signature in cursive script: "Trimble, Julian & Grube, Inc."

Trimble, Julian & Grube, Inc.  
June 13, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**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.

By: Susan Babbitt

Date: JULY 25, 2000