

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Newtown  
3536 Church Street  
Newtown, Ohio 45244

We have reviewed the *Independent Auditors' Report* of the Village of Newtown, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Village of Newtown is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA  
Auditor of State

July 20, 2010

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**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Village Council  
Village of Newtown, Hamilton County, Ohio

We have audited the accompanying financial statements of Village of Newtown, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, villages to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or their changes in financial position, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2010, on our consideration of the Village'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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
April 16, 2010

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 266,481	\$ 15,765	\$ -	\$ 282,246
Municipal Income Tax	1,246,728	-	-	1,246,728
Intergovernmental Revenues	98,382	489,647	-	588,029
Charges for Services	206	13,977	-	14,183
Fines, Licenses and Permits	139,843	17,528	-	157,371
Earnings on Investments	3,305	95	-	3,400
Miscellaneous	16,227	-	135,000	151,227
<b>Total Cash Receipts</b>	<b>1,771,172</b>	<b>537,012</b>	<b>135,000</b>	<b>2,443,184</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	621,080	2,711	-	623,791
Public Health Services	-	3,466	-	3,466
Leisure Time Activities	-	60,962	-	60,962
Basic Utility Services	119,522	-	-	119,522
Transportation	117,413	397,731	-	515,144
General Government	670,154	15,707	-	685,861
Capital Outlay	-	186,060	207,748	393,808
Debt Service:				
Principal Payment	-	-	9,514	9,514
Interest and Fiscal Charges	-	-	1,968	1,968
<b>Total Cash Disbursements</b>	<b>1,528,169</b>	<b>666,637</b>	<b>219,230</b>	<b>2,414,036</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>243,003</b>	<b>(129,625)</b>	<b>(84,230)</b>	<b>29,148</b>
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Fixed Assets	23,896	-	-	23,896
Transfers-In	-	114,000	48,986	162,986
Transfers-Out	(162,986)	-	-	(162,986)
Advances-In	2,000	2,000	-	4,000
Advances Out	(2,000)	(2,000)	-	(4,000)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(139,090)</b>	<b>114,000</b>	<b>48,986</b>	<b>23,896</b>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	103,913	(15,625)	(35,244)	53,044
Fund Cash Balances, January 1	994,109	369,464	490,433	1,854,006
Fund Cash Balances, December 31	<u>\$ 1,098,022</u>	<u>\$ 353,839</u>	<u>\$ 455,189</u>	<u>\$ 1,907,050</u>
Reserve for Encumbrances, December 31	<u>\$ 5,892</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 7,392</u>

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



**VILLAGE OF NEWTOWN  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Fiduciary Fund</u>
	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$ 118,811</u>
Total Non-Operating Cash Receipts	<u>118,811</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>118,811</u>
Total Cash Disbursements	<u>118,811</u>
Total Receipts Over (Under) Disbursements	<u>-</u>
Fund Cash Balances, January 1	<u>-</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 252,339	\$ 25,516	\$ -	\$ 277,855
Municipal Income Tax	1,214,862	-	-	1,214,862
Intergovernmental Revenues	196,663	144,213	-	340,876
Charges for Services	129	16,690	-	16,819
Fines, Licenses and Permits	98,031	14,345	-	112,376
Earnings on Investments	31,924	5,143	-	37,067
Miscellaneous	15,685	3,186	5,000	23,871
<b>Total Cash Receipts</b>	<b>1,809,633</b>	<b>209,093</b>	<b>5,000</b>	<b>2,023,726</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	564,538	8,878	-	573,416
Public Health Services	-	1,510	-	1,510
Leisure Time Activities	-	42,256	-	42,256
Basic Utility Services	116,483	-	-	116,483
Transportation	112,073	111,871	-	223,944
General Government	654,211	8,939	-	663,150
Capital Outlay	-	237,933	295,833	533,766
Debt Service:				
Principal Payment	-	-	9,352	9,352
Interest and Fiscal Charges	-	-	2,130	2,130
<b>Total Cash Disbursements</b>	<b>1,447,305</b>	<b>411,387</b>	<b>307,315</b>	<b>2,166,007</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>362,328</b>	<b>(202,294)</b>	<b>(302,315)</b>	<b>(142,281)</b>
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Fixed Assets	13,000	-	-	13,000
Transfers-In	-	48,000	273,138	321,138
Transfers-Out	(321,138)	-	-	(321,138)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(308,138)</b>	<b>48,000</b>	<b>273,138</b>	<b>13,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>54,190</b>	<b>(154,294)</b>	<b>(29,177)</b>	<b>(129,281)</b>
Fund Cash Balances, January 1	939,919	523,758	519,610	1,983,287
Fund Cash Balances, December 31	\$ 994,109	\$ 369,464	\$ 490,433	\$ 1,854,006
Reserve for Encumbrances, December 31	\$ 1,374	\$ 9,917	\$ 5,775	\$ 17,066

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u><b>Fiduciary Fund</b></u>
	<u><b>Agency</b></u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$ 86,271</u>
Total Non-Operating Cash Receipts	<u>86,271</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>86,271</u>
Total Cash Disbursements	<u>86,271</u>
Total Receipts Over (Under) Disbursements	<u>-</u>
Fund Cash Balances, January 1	<u>-</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Newtown, Hamilton County, Ohio (Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides road maintenance, park operations and police services. The Village joined the Little Miami Joint Fire Rescue District during 2004. The Fire District provides fire and EMS protection services to the Village.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

*Street Construction* - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

*Permissive Motor Vehicle License Fund* - This fund receives motor vehicle license tax for constructing, maintaining and repairing state highways within the Village.

**3. Capital Projects Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

*Capital Improvement Fund* - This fund is used construct various capital projects within the Village as well as repay the Ohio Public Works for loans that provided funds for road repairs.

**4. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

*Mayor's Court Fund* - This fund collects and distributes court fines to the Village and State.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**F. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$ 1,173,116</u>	<u>\$ 782,099</u>
Total deposits	<u>1,173,116</u>	<u>782,099</u>
STAR Ohio	634,147	232,744
US Treasury Mutual Fund	<u>99,787</u>	<u>839,163</u>
Total Investments	<u>733,934</u>	<u>1,071,907</u>
Total deposits and investments	<u><u>\$1,907,050</u></u>	<u><u>\$1,854,006</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution’s public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,615,951	\$ 1,797,068	\$ 181,117
Special Revenue	620,950	653,012	32,062
Capital Projects	55,486	183,986	128,500
Total	\$ 2,292,387	\$ 2,634,066	\$ 341,679

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,383,713	\$ 1,699,047	\$ 684,666
Special Revenue	850,015	670,137	179,878
Capital Projects	544,762	219,230	325,532
Total	\$ 3,778,490	\$ 2,588,414	\$ 1,190,076

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,546,576	\$ 1,822,633	\$ 276,057
Special Revenue	280,250	257,093	(23,157)
Capital Projects	113,172	278,138	164,966
Total	\$ 1,939,998	\$ 2,357,864	\$ 417,866

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,471,286	\$ 1,769,817	\$ 701,469
Special Revenue	581,892	421,304	160,588
Capital Projects	792,947	313,090	479,857
Total	\$ 3,846,125	\$ 2,504,211	\$ 1,341,914

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**4. COMPLIANCE**

Ohio Revised Code Section 5705.41(B) states that, “no subdivision or taxing unit is to expend money unless it has been appropriated”. The following fund had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
FEMA Grant	2009	\$18,476	\$18,851	\$ 375

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
Permissive Motor Vehicle License	2009	\$390,422	\$374,445	\$ 15,977
FEMA Grant	2009	18,476	-	18,476
Street Construction	2008	327,187	325,050	2,137
Capital Improvement	2008	485,000	482,806	2,194
Public Parking	2008	159,967	-	159,967

**5. PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property taxes, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
OPWC - Route 32	\$ 64,000	0.00%
OPWC - Church Street	61,453	3.00%
Total	\$ 125,453	

The Village was awarded an \$80,000 loan by the Ohio Public Works Commission on November 15, 1999 for the Route 32 improvements project. This loan requires semi-annual payments of \$2,000 on January 1 and July 1 of each year for 20 years, beginning on July 1, 2006 with the final payment due on July 1, 2026.

The Village was awarded an \$89,845 loan by the Ohio Public Works Commission on July 1, 2000 for the Church Street improvements project. The loan requires semi-annual payments of \$3,741 on January 1 and July 1 of each year for 15 years, with the first principle payment beginning on January 1, 2005. The final payment is due on July 1, 2019.

Amortization of the above debt, including interest follows:

Year Ending December 31:	OPWC Route 32	OPWC Church Street
2010	\$ 4,000	\$ 7,482
2011	4,000	7,482
2012	4,000	7,482
2013	4,000	7,482
2014	4,000	7,482
2015-2019	20,000	33,669
2020-2024	20,000	-
2025-2026	4,000	-
Total	\$64,000	\$71,079

**8. RETIREMENT SYSTEMS**

The Village's full time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10 percent of their gross salaries. The Village contributed an amount equal to 19.5 percent of participants' gross salaries.

For 2009 and 2008, OPER's members contributed 10 percent of their gross salaries. The Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(continued)**

**9. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 550 Ohio governments ("Members"). Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Plan's audited financial statements, audited by other auditors, conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 (latest information available):

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members equity	\$ 5,184,333	\$ 6,862,902

The audited financial statements for The Ohio Government Risk Management Plan can be viewed at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**10. TRANSFERS AND ADVANCES**

During 2009 and 2008, transfers were made from the General Fund to various funds to provide funding for operations of those funds or to fund capital project costs.

During 2009, an advance was made from the General Fund, to the Permissive Motor Vehicle License Fund, to provide temporary funding while awaiting anticipated intergovernmental revenues. The advance was repaid during the year.

**11. MISCELLANEOUS RECEIPTS**

During 2009 the Village budgeted for and made \$135,000 of deposits to an escrow agent for the anticipated purchase of properties. The deposits were returned upon cancellation of the purchases.

# Bastin & Company, LLC

*Certified Public Accountants*

## **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***

To the Members of Village Council  
Village of Newtown, Hamilton County, Ohio

We have audited the financial statements of the Village of Newtown, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 16, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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.

### **Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-01 and 2009-02.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, express no opinion on them.

We noted certain matters that we have reported to management of the Village in a separate letter dated April 16, 2010.

This report is intended solely for the information and use of management, Village Council and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

*Bastin & Company, LLC*

Cincinnati, Ohio  
April 16, 2010

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-01**

Ohio Revised Code Section 5705.41(B) states that, “no subdivision or taxing unit is to expend money unless it has been appropriated”. The following fund had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
FEMA Grant	2009	\$18,476	\$18,851	\$375

**Village’s Response**

The Village will more closely monitor budgetary variances to ensure compliance.

**FINDING NUMBER 2009-02**

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
Permissive Motor Vehicle License	2009	\$390,422	\$374,445	\$15,977
FEMA Grant	2009	18,476	-	18,476
Street Construction	2008	327,187	325,050	2,137
Capital Improvement	2008	485,000	482,806	2,194
Public Parking	2008	159,967	-	159,967

**Village’s Response**

The Village will more closely monitor budgetary variances to ensure compliance.

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

There were no prior year audit findings.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEWTOWN**

**HAMILTON 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  
AUGUST 3, 2010**