

***VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Newtown, Hamilton County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Village of Newtown is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 28, 2014

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**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012**

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

INDEPENDENT AUDITOR'S REPORT

Village of Newtown
Hamilton County
3536 Church Street
Newtown, Ohio 45244

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Newtown, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

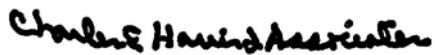
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Newtown, Hamilton County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

July 25, 2014

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, 2013

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 190,144	\$ 21,639	\$ -	\$ 211,783
Municipal Income Tax	1,524,149	-	-	1,524,149
Intergovernmental	55,816	205,531	171,786	433,133
Charges for Services	-	29,410	-	29,410
Fines, Licenses and Permits	136,185	10,310	-	146,495
Interest	784	132	-	916
Other	68,472	-	-	68,472
Total Receipts	1,975,550	267,022	171,786	2,414,358
Disbursements:				
Current:				
Security of Persons & Property	721,197	20,413	-	741,610
Public Health Services	-	1,507	-	1,507
Basic Utility Servicest	115,200	-	-	115,200
Leisure Time Activities	-	34,114	-	34,114
Transportation	180,109	45,452	-	225,561
General Government	599,912	10,114	-	610,026
Capital Outlay	-	-	1,116,887	1,116,887
Debt Service:				
Principal Retirement	-	-	10,212	10,212
Interest	-	-	1,270	1,270
Total Disbursements	1,616,418	111,600	1,128,369	2,856,387
Total Receipts Over/(Under) Disbursements	359,132	155,422	(956,583)	(442,029)
Other Financing Sources/(Uses):				
Sale of Capital Assets	59,412	-	-	59,412
Transfers In	-	-	397,013	397,013
Transfers Out	(397,013)	-	-	(397,013)
Advances In	191,203	-	191,203	382,406
Advances Out	(191,203)	-	(191,203)	(382,406)
Tax Incentive Payments	(92,390)	-	-	(92,390)
Other Financing Uses	(24,399)	-	-	(24,399)
Total Other Financing Sources/(Uses)	(454,390)	-	397,013	(57,377)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(95,258)	155,422	(559,570)	(499,406)
Fund Cash Balance, January 1, 2013	1,188,302	344,235	583,899	2,116,436
Restricted	-	499,657	-	499,657
Assigned	1,305	-	24,329	25,634
Unassigned	1,091,739	-	-	1,091,739
Fund Cash Balance, December 31, 2013	\$ 1,093,044	\$ 499,657	\$ 24,329	\$ 1,617,030

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -AGENCY FUND
For the Year Ended December 31, 2013**

	Fiduciary Fund Type Agency
Non-Operating Cash Receipts:	
Fines and Forfeitures	\$ 80,786
Total Non-Operating Receipts	80,786
Non-Operating Cash Disbursements:	
Distribution of Fines and Forfeitures	80,180
Total Nonoperating Disbursements	80,180
Total Receipts Over (Under) Disbursements	606
Fund Cash Balance, January 1, 2013	13,643
Fund Cash Balance, December 31, 2013	\$ 14,249

See Accompanying Notes to the Financial Statements.

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, 2012

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 189,975	\$ 15,784	\$ -	\$ 205,759
Municipal Income Tax	1,329,342	-	-	1,329,342
Intergovernmental	96,354	231,623	-	327,977
Charges for Services	24	31,707	-	31,731
Fines, Licenses and Permits	132,230	13,818	-	146,048
Interest	624	24	-	648
Other	34,204	5,855	-	40,059
Total Receipts	1,782,753	298,811	-	2,081,564
Disbursements:				
Current:				
Security of Persons & Property	651,449	16,778	-	668,227
Public Health Services	-	11,044	-	11,044
Basic Utility Servicest	122,811	-	-	122,811
Leisure Time Activities	-	36,308	-	36,308
Transportation	161,918	78,940	-	240,858
General Government	677,424	6,941	-	684,365
Capital Outlay	-	167,666	71,792	239,458
Debt Service:				
Principal Retirement	-	-	10,030	10,030
Interest	-	-	1,453	1,453
Total Disbursements	1,613,602	317,677	83,275	2,014,554
Total Receipts Over/(Under) Disbursements	169,151	(18,866)	(83,275)	67,010
Other Financing Sources/(Uses):				
Sale of Capital Assets	500	-	-	500
Transfers In	-	-	269,642	269,642
Transfers Out	(269,642)	-	-	(269,642)
Total Other Financing Sources/(Uses)	(269,142)	-	269,642	500
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(99,991)	(18,866)	186,367	67,510
Fund Cash Balance, January 1, 2012	1,288,293	363,101	397,532	2,048,926
Restricted	-	344,235	-	344,235
Assigned	13,194	-	583,899	597,093
Unassigned	1,175,108	-	-	1,175,108
Fund Cash Balance, December 31, 2012	\$ 1,188,302	\$ 344,235	\$ 583,899	\$ 2,116,436

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -AGENCY FUND
For the Year Ended December 31, 2012**

	Fiduciary Fund Type Agency
Non-Operating Cash Receipts:	
Fines and Forfeitures	\$ 94,754
Total Non-Operating Receipts	94,754
Non-Operating Cash Disbursements:	
Distribution of Fines and Forfeitures	91,231
Total Nonoperating Disbursements	91,231
Total Receipts Over (Under) Disbursements	3,523
Fund Cash Balance, January 1, 2012	10,120
Fund Cash Balance, December 31, 2012	\$ 13,643

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

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 Little Miami Joint Fire Rescue District provides fire and EMS protection services to the Village.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share values reported by the State Treasurer.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- *Street Construction* - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.
- *Parks and Recreation* - This fund receives intergovernmental revenues and revenue from charges for services for the operation and maintenance of Village parks.

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

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 receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds collected in part are on behalf of the State of Ohio.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 4.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources.

1. **Nonspendable**

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

2. **Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$994,737	\$1,494,405
Star Ohio	636,542	635,674
Total Deposits	<u>\$1,631,279</u>	<u>\$2,130,079</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

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

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

3. PROPERTY TAXES – (Continued)

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

<u>2013 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 1,716,942	\$ 2,034,962	\$ 318,020
Special Revenue Funds	211,769	267,022	55,253
Capital Projects Funds	620,482	568,799	(51,683)

<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 2,886,985	\$ 2,131,525	\$ 755,460
Special Revenue Funds	270,526	123,060	147,466
Capital Projects Funds	1,194,485	1,131,101	63,384

<u>2012 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 1,647,694	\$ 1,783,253	\$ 135,559
Special Revenue Funds	281,643	298,811	17,168
Capital Projects Funds	569,642	269,642	(300,000)

<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 2,853,850	\$ 1,896,438	\$ 957,412
Special Revenue Funds	495,762	319,943	175,819
Capital Projects Funds	969,124	269,184	699,940

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay through July 1, 2013 at which time the rate increased to 10.75%, while the Village contributed 19.5% throughout the period. OPERS members contributed 10.0% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2013.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Village belongs to the Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

As authorized by Section 9.833 of the Ohio Revised Code, the OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 92 and 74 members as of December 31, 2012 and 2011, respectively.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available), and include amounts for both OPRM and OPHC:

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

	2012		2011	
	OPRM	OPHC	OPRM	OPHC
Assets	\$13,100,381	\$1,152,610	Assets	\$1,459,791
Liabilities	(6,687,193)	(1,615,537)	Liabilities	(1,283,527)
Members' Equity	\$6,413,188	\$(462,927)	Members' Equity	\$176,264

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

7. DEBT

Debt outstanding at December 31, 2013 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
OPWC – Route 32	\$48,000	0.00%
OPWC Church Street	37,677	3.00%
Total	\$85,677	

The Village received 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 January 1, 2026.

The Village received 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 principal payment beginning on January 1, 2005. The final payment is due on July 1, 2019.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

7. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2013 is as follows:

<u>Year Ended</u>	OPWC Route 32	OPWC Church Street
2014	\$ 4,000	\$ 7,482
2015	4,000	7,482
2016	4,000	7,482
2017	4,000	7,482
2018	4,000	7,482
2019-2023	20,000	3,741
2024-2028	8,000	-
Total	<u>\$48,000</u>	<u>\$41,151</u>

8. 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.

The tax is administered by the Regional Income Tax Agency.

9. TAX CREDIT AGREEMENT

The Village entered into an agreement with a local manufacturer wherein the Village granted a \$400,000 tax credit to the manufacturer as an incentive for the manufacturer to expand and create additional jobs. The credit is based upon payroll taxes paid by the company to the Village beginning January 1, 2012 and is payable in five annual installments beginning January 2013 plus interest at 5% accruing to January 1, 2012. The manufacturer must maintain its facility through the end of 2019 and maintain existing employment levels or refund payments received based upon a predetermined formula.

10. INTERFUND TRANSFERS/ADVANCES

During 2013 and 2012, transfers were made from the General Fund to various funds to provide funding for operations of those funds or to fund capital project costs.

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Village of Newtown
Hamilton County
3536 Church Street
Newtown, Ohio 45244

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Newtown, Hamilton County (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 25, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

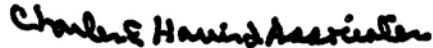
Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2014.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 25, 2014

**VILLAGE OF NEWTOWN
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2013 and 2012**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ended December 31, 2011 and 2010, reported no material citations or recommendations.

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Dave Yost • Auditor of State

VILLAGE OF NEWTON

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
SEPTEMBER 9, 2014**