



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF NEWTOWN  
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2019 .....	4
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018 .....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2018 .....	14
Notes to the Financial Statements For the Year Ended December 31, 2018 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Village of Newtown  
Hamilton County  
3537 Church Street  
Newtown, Ohio 45244

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Newtown, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***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 such 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 opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2019 and 2018, and the respective changes in financial position thereof 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Newtown, Hamilton County as of December 31, 2019 and 2018, 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 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

July 23, 2020

**Village of Newtown, Ohio**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$190,623	\$705,336	\$0	\$895,959
Municipal Income Tax	1,744,705			1,744,705
Intergovernmental	56,844	208,837		265,681
Charges for Services		29,813		29,813
Fines, Licenses and Permits	131,451	7,387		138,838
Earnings on Investments	28,062	20,867		48,929
Miscellaneous	43,747	10,446		54,193
<i>Total Cash Receipts</i>	<u>2,195,432</u>	<u>982,686</u>	<u>0</u>	<u>3,178,118</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	924,164	657,095		1,581,259
Public Health Services		32,648		32,648
Leisure Time Activities		42,088		42,088
Basic Utility Services	145,499			145,499
Transportation	190,062	112,384		302,446
General Government	698,753	16,713		715,466
Capital Outlay		224,237	149,887	374,124
Debt Service:				
Principal Retirement		52,141		52,141
Interest and Fiscal Charges		30,038		30,038
<i>Total Cash Disbursements</i>	<u>1,958,478</u>	<u>1,167,344</u>	<u>149,887</u>	<u>3,275,709</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>236,954</u>	<u>(184,658)</u>	<u>(149,887)</u>	<u>(97,591)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets			34,650	34,650
Transfers In		104,450	108,466	212,916
Transfers Out	(312,916)			(312,916)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(312,916)</u>	<u>104,450</u>	<u>143,116</u>	<u>(65,350)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(75,962)</u>	<u>(80,208)</u>	<u>(6,771)</u>	<u>(162,941)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,250,494</u>	<u>1,274,338</u>	<u>62,620</u>	<u>2,587,452</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,115,304		1,115,304
Committed		78,826	55,849	134,675
Assigned	155,856			155,856
Unassigned (Deficit)	1,018,676			1,018,676
<i>Fund Cash Balances, December 31</i>	<u>\$1,174,532</u>	<u>\$1,194,130</u>	<u>\$55,849</u>	<u>\$2,424,511</u>

See accompanying notes to the basic financial statements

**Village of Newtown, Ohio**  
Hamilton County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2019

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise		Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$69,815			\$69,815
<i>Total Operating Cash Receipts</i>	69,815		0	69,815
<b>Operating Cash Disbursements</b>				
Contractual Services	3,476			3,476
<i>Total Operating Cash Disbursements</i>	3,476		0	3,476
<i>Operating Income (Loss)</i>	66,339		0	66,339
<b>Non-Operating Receipts (Disbursements)</b>				
Earnings on Investments (proprietary funds only)	12,220			12,220
Other Non-Operating Receipts			86,349	86,349
Capital Outlay	(584,126)			(584,126)
Principal Retirement	(33,600)			(33,600)
Interest and Other Fiscal Charges	(20,303)			(20,303)
Other Non-Operating Disbursements			(86,349)	(86,349)
<i>Total Non-Operating Receipts (Disbursements)</i>	(625,809)		0	(625,809)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(559,470)		0	(559,470)
Transfers In	100,000			100,000
<i>Net Change in Fund Cash Balances</i>	(459,470)		0	(459,470)
<i>Fund Cash Balances, January 1</i>	739,646		255	739,901
<i>Fund Cash Balances, December 31</i>	\$280,176		\$255	\$280,431

See accompanying notes to the basic financial statements



**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Newtown (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides road maintenance, park operations, and police services. The Village contracts with Anderson Township Fire and Rescue to provide receive fire protection and emergency medical services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Fund*** The fire fund accounts for and reports levy monies restricted for the fire and EMS related activities. The Village of Newtown currently contracts its Fire and EMS services with Anderson Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Equipment Reserve Fund*** The equipment reserve fund accounts for the acquisition of capital assets including vehicles, mowers, etc.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

***Storm Water Utility Fund*** The storm water utility fund accounts for maintenance, repair and construction of the storm water utility system located in the Village.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency/custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for mayor's court.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

**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 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***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.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. The classifications are as follows:

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

***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.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,193,315	\$2,195,432	\$2,117
Special Revenue	1,069,991	1,087,136	17,145
Capital Projects	143,116	143,116	0
Enterprise	181,792	182,035	243
<b>Total</b>	<b>\$3,588,214</b>	<b>\$3,607,719</b>	<b>\$19,505</b>

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,271,392	\$2,271,394	(\$2)
Special Revenue	1,167,344	1,167,344	0
Capital Projects	149,886	149,887	(1)
Enterprise	641,505	641,505	0
<b>Total</b>	<b>\$4,230,127</b>	<b>\$4,230,130</b>	<b>(\$3)</b>

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$1,142,300
Certificates of deposit - STAR Ohio Plus	1,562,642
Total deposits	2,704,942

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Income Taxes**

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.

Public utilities are also taxed on personal and real property located within the Village.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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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.

**Note 6 – Intrafund Balances**

***Transfers***

During the year, transfers were made from the General Fund to various funds in the total amount of \$312,915.50 to provide funding for operations of those funds.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**Social Security**

Members of Village Council can elect to contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - State Route 32	\$24,000	0.00%
General Obligation Bonds	1,360,000	3.31%
Total	<u>\$1,384,000</u>	

The loan from the Ohio Public Works Commission (OPWC) were for street improvements to be repaid in semiannual installments over 20 years.

The Bonds were awarded and sold to The Park National Bank at the price of \$1,600,000; \$934,320 for Street Improvements (Street Construction, Maintenance & Repair Fund) and \$665,680 for Storm Water Utility Improvements (Storm Water Utility Fund) to be repaid in annual installments over 20 years.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan - Route 32	General Obligation Bonds
2020	2,000	125,766
2021	4,000	122,956
2022	4,000	120,872
2023	4,000	117,587
2024	4,000	114,997
2025-2029	6,000	534,305
2030-2034		467,156
2035-2039		168,062
Total	\$24,000	\$1,771,701

**Note 11 – Construction and Contractual Commitments**

The Village entered into a contract with Majors Construction Company for the Ragland Road Storm Water Improvement Project in the amount of \$690,000.00. During 2019 the Village paid \$602,866.80 towards this project which leaves a balance of \$87,133.20 to be completed and paid in Fiscal Year 2020.

The Village entered into a contract with Structural Systems Repair Group for the Little Dry Run Lag Wall Improvement Project in the amount of \$69,260.00. During 2019 the Village paid \$13,751.01 towards this project which leaves a balance of \$55,508.99 to be completed and paid in Fiscal Year 2020.

The Village entered into a contract with Rack & Ballauer Excavating for the 2019 Paving Improvement Project in the amount of \$112,445.00. During 2019 the Village paid \$108,006.58 towards this project. The project came in \$4,438.42 under budget which closes this contract.

The Village entered into a contract with Adleta Construction for the Riverhills Sidewalk Reconstruction Program in the amount of \$65,920.14. During 2019 the Village paid \$60,689.47 towards this project which leaves a balance of \$5,230.67 to be completed and paid in Fiscal Year 2020.

**Note 12 – Jointly Governed Organizations**

Hamilton County Tax Incentive Review Council (Council) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The purpose of the Council is to designate areas as Enterprise Zones or Community Reinvestment areas and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones or areas in exchange for specified local tax incentives granted by the county. In addition, to review all outstanding agreements to determine whether the enterprises are in compliance in terms, and to make recommendations to the Board of County Commissioners regarding said agreements. There is no cost associated with being a member of the Council. The continued existence of the Council is not dependent upon the Village's continued participation and no measurable equity interests exist. Ohio Revised Code Section 5709.85.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**NOTE 13 – SUBSEQUENT EVENTS-COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**Village of Newtown, Ohio**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$200,441	\$718,768	\$0	\$919,209
Municipal Income Tax	1,721,443			1,721,443
Intergovernmental	50,706	190,454		241,160
Charges for Services		21,729		21,729
Fines, Licenses and Permits	133,889	7,878		141,767
Earnings on Investments	24,962	20,579		45,541
Miscellaneous	38,268	2,474		40,742
<i>Total Cash Receipts</i>	<u>2,169,709</u>	<u>961,882</u>	<u>0</u>	<u>3,131,591</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	878,699	634,258		1,512,957
Public Health Services		19,133		19,133
Leisure Time Activities		83,402		83,402
Basic Utility Services	143,885			143,885
Transportation	163,737	60,250		223,987
General Government	671,385	42,206		713,591
Capital Outlay		178,280	65,243	243,523
Debt Service:				
Principal Retirement		57,609		57,609
Interest and Fiscal Charges		29,830		29,830
<i>Total Cash Disbursements</i>	<u>1,857,706</u>	<u>1,104,968</u>	<u>65,243</u>	<u>3,027,917</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>312,003</u>	<u>(143,086)</u>	<u>(65,243)</u>	<u>103,674</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets			17,500	17,500
Transfers In	2,447	65,151	79,804	147,402
Transfers Out	(167,054)	(5,348)		(172,402)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(164,607)</u>	<u>59,803</u>	<u>97,304</u>	<u>(7,500)</u>
<i>Net Change in Fund Cash Balances</i>	147,396	(83,283)	32,061	96,174
<i>Fund Cash Balances, January 1</i>	<u>1,103,098</u>	<u>1,357,621</u>	<u>30,559</u>	<u>2,491,278</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,229,798		1,229,798
Committed		44,540	62,620	107,160
Assigned	143,030			143,030
Unassigned (Deficit)	1,107,464			1,107,464
<i>Fund Cash Balances, December 31</i>	<u>\$1,250,494</u>	<u>\$1,274,338</u>	<u>\$62,620</u>	<u>\$2,587,452</u>

See accompanying notes to the basic financial statements

**Village of Newtown, Ohio**

Hamilton County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2018

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise		Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$81,554			\$81,554
<i>Total Operating Cash Receipts</i>	<u>81,554</u>		<u>0</u>	<u>81,554</u>
<b>Operating Cash Disbursements</b>				
Contractual Services	3,845			3,845
<i>Total Operating Cash Disbursements</i>	<u>3,845</u>		<u>0</u>	<u>3,845</u>
<i>Operating Income (Loss)</i>	<u>77,709</u>		<u>0</u>	<u>77,709</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental	64,500			64,500
Earnings on Investments (proprietary funds only)	12,580			12,580
Other Non-Operating Receipts			88,623	88,623
Capital Outlay	(33,173)			(33,173)
Principal Retirement	(33,600)			(33,600)
Interest and Other Fiscal Charges	(21,403)			(21,403)
Other Non-Operating Disbursements			(88,623)	(88,623)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,096)</u>		<u>0</u>	<u>(11,096)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	66,613		0	66,613
Transfers In	25,000			25,000
<i>Net Change in Fund Cash Balances</i>	91,613		0	91,613
<i>Fund Cash Balances, January 1</i>	<u>648,033</u>		<u>255</u>	<u>648,288</u>
<i>Fund Cash Balances, December 31</i>	<u>\$739,646</u>		<u>\$255</u>	<u>\$739,901</u>

See accompanying notes to the basic financial statements

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Newtown (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides road maintenance, park operations, and police services. The Village contracts with Anderson Township Fire and Rescue to provide receive fire protection and emergency medical services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Fund*** The fire fund accounts for and reports levy monies restricted for the fire and EMS related activities. The Village of Newtown currently contracts its Fire and EMS services with Anderson Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Equipment Reserve Fund*** The equipment reserve fund accounts for the acquisition of capital assets including vehicles, mowers, etc.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

***Storm Water Utility Fund*** The storm water utility fund accounts for maintenance, repair and construction of the storm water utility system located in the Village.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency/custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for mayor's court.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

**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 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***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.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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. The classifications are as follows:

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

***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.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,169,418	\$2,172,156	\$2,738
Special Revenue	1,020,087	1,027,033	6,946
Capital Projects	97,304	97,304	0
Enterprise	182,259	183,634	1,375
<b>Total</b>	<b>\$3,469,068</b>	<b>\$3,480,127</b>	<b>\$11,059</b>

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,029,791	\$2,024,760	\$5,031
Special Revenue	1,110,317	1,110,316	1
Capital Projects	65,244	65,243	1
Enterprise	92,021	92,021	0
<b>Total</b>	<b>\$3,297,373</b>	<b>\$3,292,340</b>	<b>\$5,033</b>

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$1,800,387
Certificates of deposit - STAR Ohio Plus	1,526,966
Total deposits	3,327,353

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Income Taxes**

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.

Public utilities are also taxed on personal and real property located within the Village.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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.

**Note 6 – Intrafund Balances**

***Transfers***

During the year, transfers were made from the General Fund to various funds in the total amount of \$167,054.15 to provide funding for operations of those funds. Transfers were made from the Federal Grant Fund to the Street Construction, Maintenance & Repair Fund in the total amount of \$2,901.22 and to the General Fund in the total amount of \$2,446.54 to repay expenditures received from a FEMA Grant.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Social Security**

Members of Village Council can elect to contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - Church Street	\$3,686	3.00%
Ohio Public Works Commission Loan - State Route 32	\$28,000	0.00%
General Obligation Bonds	1,440,000	3.31%
Total	<u>\$1,471,686</u>	

The loans from the Ohio Public Works Commission (OPWC) are for street improvements to be repaid in semiannual installments over 15 and 20 years, respectively.

The Bonds were awarded and sold to The Park National Bank at the price of \$1,600,000; \$934,320 for Street Improvements (Street Construction, Maintenance & Repair Fund) and \$665,680 for Storm Water Utility Improvements (Storm Water Utility Fund) to be repaid in annual installments over 20 years.



**Village of Newtown, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan - Church Street	OPWC Loan - Route 32	General Obligation Bonds
2019	\$3,686	\$2,000	\$128,326
2020		4,000	125,766
2021		4,000	122,956
2022		4,000	120,872
2023		4,000	117,587
2024-2028		10,000	547,525
2029-2033			480,580
2034-2038			256,116
Total	<u>\$3,686</u>	<u>\$28,000</u>	<u>\$1,899,728</u>

**Note 11 – Construction and Contractual Commitments**

The Village entered into a contract with J.K. Meurer Corporation for the 2018 Paving Improvement Project in the amount of \$107,404.00. During 2018 the Village paid \$76,060.26 towards this project which leaves a balance of \$31,343.74 to be completed and paid in Fiscal Year 2019.

**Note 12 – Jointly Governed Organizations**

Hamilton County Tax Incentive Review Council (Council) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The purpose of the Council is to designate areas as Enterprise Zones or Community Reinvestment areas and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones or areas in exchange for specified local tax incentives granted by the county. In addition, to review all outstanding agreements to determine whether the enterprises are in compliance in terms, and to make recommendations to the Board of County Commissioners regarding said agreements. There is no cost associated with being a member of the Council. The continued existence of the Council is not dependent upon the Village's continued participation and no measurable equity interests exist. Ohio Revised Code Section 5709.85.

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## 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  
3537 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 cash balances, receipts, and disbursements by fund type of the Village of Newtown, Hamilton County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 23, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control 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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

### ***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*.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

July 23, 2020

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following conditions related to the above criteria:

- The total General fund December 31, 2018 and 2019 Fund Balance was classified as Unassigned; however, \$143,030 in 2018 and \$155,856 in 2019 should have been classified as Assigned.
- The Village did not report the Mayor's Court Agency Fund receipts, disbursements, and fund balances in the 2018 and 2019 financial statements filed with the Auditor of State. For 2018, the Mayor's Court Agency Fund had Beginning Fund Balance of \$255; Other Non-Operating receipts of \$88,623; Other Non-Operating disbursements of \$88,623; and Ending Fund Balance of \$255. For 2019, the Mayor's Court Agency Fund had Beginning Fund Balance of \$255; Other Non-Operating receipts of \$86,349; Other Non-Operating disbursements of \$86,349; and Ending Fund Balance of \$255.
- The 2018 and 2019 footnotes to the financial statements were incorrect and incomplete:
  - The Village did not include the Agency Fund in the Summary of Significant Accounting Policies footnote.
  - The Village disclosed incorrect amounts for demand deposits and did not include the disclosure for the Ohio Pooled Collateral System in the Deposits and Investments footnote.
  - Amounts included in the debt footnote for debt outstanding and amortization amounts were incorrect.
  - The Risk Management footnote did not include all required information.

The financial statements and footnotes have been adjusted for these errors.

The Village did not have procedures in place for effective monitoring of the Village's accuracy of financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, the Council should take an active role in monitoring the accuracy of the financial statements. Failure to accurately report financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised in preparation of the financial statements and footnotes to the financial statements.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NEWTOWN**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 8/4/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)