



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF NEWTOWN
HAMILTON COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Newtown, Hamilton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 16 and Note 17 to the financial statements for 2021 and 2020, respectively, the financial impact of COVID-19 and the continuing emergency measures may 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 May 6, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 6, 2022

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VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$210,956	\$717,854	\$0	\$928,810
Municipal Income Tax	1,872,078	0	0	1,872,078
Intergovernmental	73,197	537,363	0	610,560
Special Assessments	0	12,215	0	12,215
Charges for Services	0	12,508	0	12,508
Fines, Licenses and Permits	114,753	9,322	0	124,075
Earnings on Investments	696	401	0	1,097
Miscellaneous	94,538	5,000	0	99,538
<i>Total Cash Receipts</i>	<u>2,366,218</u>	<u>1,294,663</u>	<u>0</u>	<u>3,660,881</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,044,385	674,836	0	1,719,221
Public Health Services	0	17,767	0	17,767
Leisure Time Activities	0	253,683	0	253,683
Community Environment	0	0	0	0
Basic Utility Services	160,271	0	0	160,271
Transportation	195,842	166,193	0	362,035
General Government	664,326	17,262	0	681,588
Capital Outlay	0	7,480	99,532	107,012
Debt Service:				
Principal Retirement	0	50,399	0	50,399
Payment of Capital Appreciation Bond Accretion	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Interest and Fiscal Charges	0	24,898	0	24,898
<i>Total Cash Disbursements</i>	<u>2,064,824</u>	<u>1,212,518</u>	<u>99,532</u>	<u>3,376,874</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>301,394</u>	<u>82,145</u>	<u>(99,532)</u>	<u>284,007</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	10,001	0	34,000	44,001
Transfers In	32,407	253,450	118,076	403,933
Transfers Out	(451,526)	(32,407)	0	(483,933)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(409,118)</u>	<u>221,043</u>	<u>152,076</u>	<u>(35,999)</u>
<i>Net Change in Fund Cash Balances</i>	(107,724)	303,188	52,544	248,008
<i>Fund Cash Balances, January 1</i>	<u>1,472,085</u>	<u>1,259,874</u>	<u>65,252</u>	<u>2,797,211</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,364,361</u>	<u>\$1,563,062</u>	<u>\$117,796</u>	<u>\$3,045,219</u>

See accompanying notes to the basic financial statements

VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Proprietary Fund Types

For the Year Ended December 31, 2021

	Proprietary Fund Types	Totals
	Enterprise	(Memorandum Only)
Operating Cash Receipts		
Charges for Services	\$80,585	\$80,585
<i>Total Operating Cash Receipts</i>	<u>80,585</u>	<u>80,585</u>
Operating Cash Disbursements		
Contractual Services	4,084	4,084
<i>Total Operating Cash Disbursements</i>	<u>4,084</u>	<u>4,084</u>
<i>Operating Income (Loss)</i>	<u>76,501</u>	<u>76,501</u>
Non-Operating Receipts (Disbursements)		
Earnings on Investments (proprietary funds only)	137	137
Sale of Bonds	0	0
Capital Outlay	(26,237)	(26,237)
Excise Tax Payment - Electric	0	0
Principal Retirement	(33,600)	(33,600)
Payment of Capital Appreciation Bond Accretion	0	0
Interest and Other Fiscal Charges	(18,029)	(18,029)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(77,729)</u>	<u>(77,729)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(1,228)	(1,228)
Extraordinary Item	0	0
Transfers In	80,000	80,000
<i>Net Change in Fund Cash Balances</i>	78,772	78,772
<i>Fund Cash Balances, January 1</i>	<u>315,610</u>	<u>315,610</u>
<i>Fund Cash Balances, December 31</i>	<u>\$394,382</u>	<u>\$394,382</u>

See accompanying notes to the basic financial statements

VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Fiduciary Fund Types

For the Year Ended December 31, 2021

	Other Custodial	(Memorandum Only)
Additions		
Fines, Licenses and Permits for Distribution	67,447	67,447
<i>Total Additions</i>	<u>67,447</u>	<u>67,447</u>
Deductions		
Distributions to Other Governments	16,835	16,835
Distributions to Other Funds (Primary Gov't)	50,586	50,586
Other Distributions	26	26
<i>Total Deductions</i>	<u>67,447</u>	<u>67,447</u>
<i>Net Change in Fund Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u>\$0</u>	<u>\$0</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, 2021

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 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 fund types and a combined statement of addition, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 & Repair Fund The Street Construction Maintenance & Repair Special Revenue 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 & EMS Levy Special Revenue Fund accounts for and reports levy monies restricted for Fire and EMS related activities. The Village of Newtown currently contracts its Fire & EMS Services with the Anderson Township Fire Department.

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 funds:

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Equipment Reserve Fund The Equipment Reserve Fund accounts for the purchase and sale of Village owned vehicles and major equipment. In 2021, the Village purchased (2) 2021 Chevrolet Tahoe Police Vehicles for the Police Department.

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 Funds:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 custodial fund accounts for mayor's court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021 budgetary activity appears in Note 4.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 classification could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

The Village did not have any material budgetary violations.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,400,838	\$2,408,626	\$ 7,788
Special Revenue	\$1,532,614	\$1,548,113	\$ 15,499
Capital Projects	\$ 152,076	\$ 152,076	\$ 0
Enterprise	<u>\$ 160,708</u>	<u>\$ 160,722</u>	<u>\$ 14</u>
Total	<u>\$4,246,236</u>	<u>\$4,269,537</u>	<u>\$ 23,301</u>

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,516,350	\$2,516,350	\$ 0.00
Special Revenue	\$1,244,926	\$1,244,926	\$ 0.00
Capital Projects	\$ 99,532	\$ 99,532	\$ 0.00
Enterprise	<u>\$ 81,950</u>	<u>\$ 81,950</u>	<u>\$ 0.00</u>
Total	<u>\$3,942,755</u>	<u>\$3,942,755</u>	<u>\$ 0.00</u>

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Cash Management Pool:	<u>2021</u>
Demand deposits	<u>\$1,866,610</u>
Total deposits	<u>\$1,866,610</u>
Star Ohio Plus	<u>\$1,572,991</u>
Total investments	<u>\$1,572,991</u>
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$3,439,601

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$0 in unremitted employee payroll withholdings.

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.

Investments

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

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – 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.

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.

Income Tax

The Village levies a municipal income tax of 1 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.

Note 7 – Interfund Balances

Advances During the year, no advances were made.

Transfers During the year, transfers were made from the General Fund to the various funds in the total amount of \$451,526 to provide working capital for operation, projects and equipment.

From the General Fund:

Street, Construction, Maintenance & Repair Fund	\$ 25,000
Cemetery Fund	\$ 9,450
Park Fund	\$194,000
Fire Fund	\$ 25,000
Equipment Reserve Fund	\$118,076
Storm Water Utility Fund	<u>\$ 80,000</u>
	\$451,526

A transfer was made from the Coronavirus Relief Fund to the General Fund in the amount of \$32,407 to reimburse the General Fund for COVID-19 related expenses.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – 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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

This is the most recent information available at the time the footnotes were prepared.

Village of Newtown, Ohio
 Hamilton County
Notes to the Financial Statements
 For the Year Ended December 31, 2021

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

Note 9 – 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contribute 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS – Local	2012-2021	10%	14%

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OP&F – full time police	7.1.2015-12.31.2021	12.25%	19.5%

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Participants contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan – State Route 32	\$16,000	0.00%
General Obligation Bonds	\$1,200,000	3.31%

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, 2021

Amortization

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

Year ending December 31:	OPWC Loan- St. Rt. 32	General Obligation Bonds
2022	\$ 4,000	\$ 120,872
2023	\$ 4,000	\$ 117,587
2024-2028	\$ 8,000	\$ 547,525
2029-2033		\$ 480,580
2034-2038		\$ 256,116
Total	\$16,000	\$1,522,680

Note 12 – Construction and Contractual Commitments

The Village entered into a contract with Barrett Paving Materials, Inc. for the Church Street Rehabilitation Project in the amount of \$273,892 in 2021. The Project had a final cost of \$196,334. The Village received an OPWC Grant in the amount of \$86,387 and the Village paid \$109,947 towards this project. These funds were paid from the Permissive Motor Vehicle License Tax Fund.

The Village entered into a contract with Westside Paving for the Short Park Trail Improvement Project in the amount of \$67,580 in 2021. The Project had a final cost of \$68,878 which was paid in full in 2021 out of the Park Fund.

The Village entered into a contract with Motz Turf Farm for the Short Park Multi-Purpose Field Project in the amount of \$49,340. The Project had a final cost of \$57,040 in which \$49,340 was paid in 2021 from the Park Fund.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantor may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Newtown, Ohio
 Hamilton County
Notes to the Financial Statements
 For the Year Ended December 31, 2021

Note 14 - 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*

Note 15 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$18	\$0	\$0	\$18
Corpus	\$0	\$0	\$0	\$0
Outstanding				
Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$18	\$0	\$0	\$18

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2021, the Village received the following funding:

Hamilton County 2020 Cares Act \$ 32,407

These funds were receipted in the Coronavirus Relief Fund and transferred to the General Fund to reimburse COVID-19 related expenses

American Rescue Plan Act of 2021 \$139,790

These funds were receipted in the American Rescue Plan Act of 2021 Fund.

VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Governmental Fund Types

For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$195,270	\$776,746	\$0	\$972,016
Municipal Income Tax	1,741,711	0	0	1,741,711
Intergovernmental	57,246	379,308	0	436,554
Special Assessments	0	27,873	0	27,873
Charges for Services	0	11,178	0	11,178
Fines, Licenses and Permits	95,046	5,960	0	101,006
Earnings on Investments	5,483	3,375	0	8,858
Miscellaneous	60,716	7,500	0	68,216
<i>Total Cash Receipts</i>	<u>2,155,472</u>	<u>1,211,940</u>	<u>0</u>	<u>3,367,412</u>
Cash Disbursements				
Current:				
Security of Persons and Property	929,837	661,220	0	1,591,057
Public Health Services	0	18,627	0	18,627
Leisure Time Activities	0	51,507	0	51,507
Community Environment	0	0	0	0
Basic Utility Services	159,041	0	0	159,041
Transportation	189,262	51,285	0	240,547
General Government	679,268	52,388	0	731,656
Capital Outlay	0	226,923	81,347	308,270
Debt Service:				
Principal Retirement	0	50,400	0	50,400
Payment of Capital Appreciation Bond Accretion	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Interest and Fiscal Charges	0	26,608	0	26,608
<i>Total Cash Disbursements</i>	<u>1,957,408</u>	<u>1,138,958</u>	<u>81,347</u>	<u>3,177,713</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>198,064</u>	<u>72,982</u>	<u>(81,347)</u>	<u>189,699</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	0	16,000	16,000
Transfers In	142,688	135,450	74,750	352,888
Transfers Out	(260,200)	(142,688)	0	(402,888)
Other Financing Sources	217,001	0	0	217,001
Other Financing Uses	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>99,489</u>	<u>(7,238)</u>	<u>90,750</u>	<u>183,001</u>
<i>Net Change in Fund Cash Balances</i>	297,553	65,744	9,403	372,700
<i>Fund Cash Balances, January 1</i>	<u>1,174,532</u>	<u>1,194,130</u>	<u>55,849</u>	<u>2,424,511</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,472,085</u>	<u>\$1,259,874</u>	<u>\$65,252</u>	<u>\$2,797,211</u>

See accompanying notes to the basic financial statements

VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Proprietary Fund Types

For the Year Ended December 31, 2020

	Proprietary Fund Types	Totals
	Enterprise	(Memorandum Only)
Operating Cash Receipts		
Charges for Services	\$67,543	\$67,543
<i>Total Operating Cash Receipts</i>	<u>67,543</u>	<u>67,543</u>
Operating Cash Disbursements		
Contractual Services	3,493	3,493
<i>Total Operating Cash Disbursements</i>	<u>3,493</u>	<u>3,493</u>
<i>Operating Income (Loss)</i>	<u>64,050</u>	<u>64,050</u>
Non-Operating Receipts (Disbursements)		
Earnings on Investments (proprietary funds only)	1,068	1,068
Sale of Bonds	0	0
Capital Outlay	(26,816)	(26,816)
Excise Tax Payment - Electric	0	0
Principal Retirement	(33,600)	(33,600)
Payment of Capital Appreciation Bond Accretion	0	0
Interest and Other Fiscal Charges	(19,268)	(19,268)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,616)</u>	<u>(78,616)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(14,566)</u>	<u>(14,566)</u>
Extraordinary Item	0	0
Transfers In	50,000	50,000
<i>Net Change in Fund Cash Balances</i>	<u>35,434</u>	<u>35,434</u>
<i>Fund Cash Balances, January 1</i>	<u>280,176</u>	<u>280,176</u>
<i>Fund Cash Balances, December 31</i>	<u>\$315,610</u>	<u>\$315,610</u>

See accompanying notes to the basic financial statements

VILLAGE OF NEWTOWN, HAMILTON COUNTY

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

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	Other Custodial	(Memorandum Only)
Additions		
Fines, Licenses and Permits for Distribution	61,693	61,693
<i>Total Additions</i>	<u>61,693</u>	<u>61,693</u>
Deductions		
Distributions to Other Governments	15,073	15,073
Distributions to Other Funds (Primary Gov't)	46,590	46,590
Other Distributions	30	30
<i>Total Deductions</i>	<u>61,693</u>	<u>61,693</u>
<i>Net Change in Fund Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2020

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. The Village is directed by a publicly elected six-member Council. The Village provides road maintenance, park operations and police services. The Village contracts with Anderson Township Fire and Rescue to provide 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 fund types and a combined statement of addition, deductions and changes in fund balances (regulatory cash basis) all 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 & Repair Fund The Street Construction Maintenance & Repair Special Revenue 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 & EMS Levy Special Revenue Fund accounts for and reports levy monies restricted for Fire and EMS related activities. The Village of Newtown currently contracts its Fire & EMS Services with the Anderson Township Fire Department.

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 funds:

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Equipment Reserve Fund The Equipment Reserve Fund accounts for the purchase and sale of Village owned vehicles and major equipment. In 2020, the Village purchased (1) 2020 Chevrolet Tahoe Police Vehicle for the Police Department.

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 Funds:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial 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 custodial fund accounts for mayor's court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Council 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 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.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 4.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 classification could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

The Village did not have any material budgetary violations.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,512,789	\$2,515,161	\$ 2,363
Special Revenue	\$1,331,820	\$1,347,390	\$ 15,570
Capital Projects	\$ 90,750	\$ 90,750	\$ 0
Enterprise	<u>\$ 118,591</u>	<u>\$ 118,611</u>	<u>\$ 20</u>
Total	<u>\$4,053,950</u>	<u>\$4,071,912</u>	<u>\$ 17,953</u>

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,217,608	\$2,217,608	\$ 0
Special Revenue	\$1,281,646	\$1,281,646	\$ 0
Capital Projects	\$ 81,347	\$ 81,347	\$ 0
Enterprise	<u>\$ 83,177</u>	<u>\$ 83,177</u>	<u>\$ 0</u>
Total	<u>\$3,663,778</u>	<u>\$3,663,778</u>	<u>\$ 0</u>

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

Cash Management Pool:	<u>2020</u>
Demand deposits	<u>\$1,541,065</u>
Total deposits	<u>\$1,541,065</u>
Star Ohio Plus	<u>\$1,571,756</u>
Total investments	<u>\$1,571,756</u>
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$3,112,821

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$0 in unremitted employee payroll withholdings.

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.

Investments

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

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – 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.

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.

Income Tax

The Village levies a municipal income tax of 1 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.

Note 7 – Interfund Balances

Advances During the year, no advances were made.

Transfers During the year, transfers were made from the General Fund to the various funds in the total amount of \$260,200 to provide working capital for operation, projects and equipment.

From the General Fund:

Cemetery Fund	\$ 9,450
Park Fund	\$126,000
Equipment Reserve Fund	\$ 74,750
Storm Water Utility Fund	<u>\$ 50,000</u>
	\$260,200

A transfer was made from the Coronavirus Relief Fund to the General Fund in the amount of \$142,688 to reimburse the General Fund for COVID-19 related expenses.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – 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.

This is the most recent information available at the time the footnotes were prepared.

Village of Newtown, Ohio
 Hamilton County
Notes to the Financial Statements
 For the Year Ended December 31, 2020

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

Note 9 – 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contribute 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2020</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F – full time police</i>	<i>7.1.2015-12.31.2020</i>	<i>12.25%</i>	<i>19.5%</i>

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Participants contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 10 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan – State Route 32	\$20,000	0.00%
General Obligation Bonds	\$1,280,000	3.31%

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, 2020

Amortization

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

Year ending December 31:	OPWC Loan- St. Rt. 32	General Obligation Bonds
2021	\$ 4,000	\$122,956
2022	\$ 4,000	\$120,872
2023	\$ 4,000	\$117,587
2024-2028	\$ 8,000	\$547,525
2029-2033		\$480,580
2034-2038		<u>\$256,116</u>
Total	\$20,000	\$1,645,636

Note 12 – 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 in 2019. During 2020, the Village paid \$26,816 towards this project.

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 in 2019. In 2020, the Village entered into a Phase II for the Little Dry Run Lag Wall Improvement Project with Structural Systems Repair Group in the amount of \$61,310. The contractor was paid a total of \$116,819 in 2020 towards this project.

The Village entered into a contract with Pinnacle Paving for the 2020 Paving Improvement Project in the amount of \$84,429. During 2020, the Village paid \$77,854 towards this project. The project came in \$6,575 under budget which closes this contract.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantor may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Newtown, Ohio
Hamilton County
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For the Year Ended December 31, 2020

Note 14 - 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*

Note 15 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$76	\$0	\$0	\$76
Corpus	\$0	\$0	\$0	\$0
Outstanding				
Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$76	\$0	\$0	\$0

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Village of Newtown, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding as follows:

House Bill 481 CRF Local Distribution	\$ 43,818
House Bill 614 CRF Local Distribution	\$ 98,837
Total	\$142,655

The funds were receipted in the Coronavirus Relief Special Revenue Fund and transferred to the General Fund to reimburse COVID-19 related expenses.



**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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Newtown, Hamilton County and have issued our report thereon dated May 6, 2022, wherein we noted the Village followed financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03 (C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
May 6, 2022

VILLAGE OF NEWTOWN
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial reporting	Partially Corrected	Reissued in the Management letter

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 6/7/2022

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