



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF NEWTOWN
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Newtown
Hamilton County
3536 Church Street
Newtown, Ohio 5244

To the Village Council:

We have audited the accompanying financial statements of the Village of Newtown, Hamilton County, Ohio (the Village), as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2000, 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 grants.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 21, 2000

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**VILLAGE OF NEWTOWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property Tax and Other Local Taxes	\$231,113	\$1,305,376	\$0	\$0	\$1,536,489
Intergovernmental Receipts	292,207	126,458		397,863	816,528
Charges for Services	2,152	10,592			12,744
Fines, Licenses, and Permits	49,082	8,966			58,048
Earnings on Investments	81,656	4,668			86,324
Miscellaneous	19,592	6,245			25,837
Total Cash Receipts	675,802	1,462,305	0	397,863	2,535,970
Cash Disbursements:					
Current:					
Security of Persons and Property	396,422	228,539			624,961
Public Health Services		15,305			15,305
Leisure Time Activities		89,857			89,857
Basic Utility Services	71,082				71,082
Transportation	112,359	26,752			139,111
General Government	285,258	35,104			320,362
Debt Service:					
Principal Payments			80,244		80,244
Interest Payments			12,675		12,675
Capital Outlay		260,104		999,302	1,259,406
Total Disbursements	865,121	655,661	92,919	999,302	2,613,003
Total Receipts Over/(Under) Disbursements	(189,319)	806,644	(92,919)	(601,439)	(77,033)
Other Financing Receipts/(Disbursements):					
Transfers-In	992,100	308,010		348,417	1,648,527
Advances-In	20,000	20,000			40,000
Transfers-Out	(656,427)	(992,100)			(1,648,527)
Advances-Out	(20,000)	(20,000)			(40,000)
Total Other Financing Receipts/(Disbursements)	335,673	(684,090)	0	348,417	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	146,354	122,554	(92,919)	(253,022)	(77,033)
Fund Cash Balances, January 1 (Restated)	271,734	170,290	278,786	1,167,538	1,888,348
Fund Cash Balances, December 31	\$418,088	\$292,844	\$185,867	\$914,516	\$1,811,315
Reserves for Encumbrances, December 31	\$0	\$21,652	\$0	\$104,629	\$126,281

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

**VILLAGE OF NEWTOWN
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$70,959</u>
Total Non-Operating Cash Receipts	70,959
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>70,775</u>
Total Non-Operating Cash Disbursements	<u>70,775</u>
Net Receipts Over/(Under) Disbursements	184
Fund Cash Balances, January 1 (Restated)	<u>(56)</u>
Fund Cash Balances, December 31	<u><u>\$128</u></u>

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

VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Newtown, Hamilton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. U.S. Treasury Notes and Federal Securities are recorded at their cost basis values reported by Fifth Third Bank.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Highway Fund - This fund receives license tax, gasoline tax, and permissive sales tax money for constructing, maintaining and repairing Village streets.

Fire Fund - This fund receives real estate and personal property tax revenues for providing fire protection services.

Income Tax Fund - This fund received income taxes collected from the Village residents and local businesses to pay general fund expenditures.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Debt Service Fund - This fund received bond proceeds to pay for the Village's lease-purchase agreement for the purchase of a fire truck.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

Capital Improvement Fund - This fund receives proceeds from the Ohio Public Works Commission. The proceeds are used to improve streets, and roads.

Bond Construction Fund - This fund receives bond proceeds for improvement of streets and roads.

5. Fiduciary Funds (Agency Funds)

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

Mayor's Court - This fund receives fines and forfeitures money to be distributed to the Village and the State.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>
Demand deposits	\$ <u>184,010</u>
Total deposits	<u>184,010</u>
Federal Securities	1,018,198
US Treasury Notes	99,754
STAROhio	<u>509,481</u>
Total investments	<u>1,627,433</u>
Total deposits and investments	<u><u>\$ 1,811,443</u></u>

A. Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

B. Investments

U.S. Treasury Notes and Federal Securities are held in book-entry form by Fifth Third Bank, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,664,818	\$ 1,687,902	\$ 23,084
Special Revenue	1,757,963	1,790,315	32,352
Debt Service	5,000	0	(5,000)
Capital Projects	2,019,000	746,280	(1,272,720)
Total	\$ 5,446,781	\$ 4,224,497	\$ (1,222,284)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,690,422	\$ 1,541,548	\$ 148,874
Special Revenue	1,781,028	1,689,413	91,615
Debt Service	278,758	92,919	185,839
Capital Projects	3,077,831	1,103,931	1,973,900
Total	\$ 6,828,039	\$ 4,427,811	\$ 2,400,228

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Fire Truck Capital Lease	\$ 172,750	5%

In 1996 a lease-purchase agreement was entered into for the purchase of a Village fire truck. Principal and interest payments are made annually. The payments are scheduled for completion in 2001.

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

Year ending December 31:		Capital Lease
2000	\$	92,919
2001		92,919
Total	\$	185,838

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village is a member of the Ohio Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

VILLAGE OF NEWTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. PRIOR PERIOD ADJUSTMENTS

Adjustments were made to the beginning Capital Projects fund balance of the 1999 fiscal year. The adjustment increased January 1, 1999 fund balance by \$403,446 due to a change in classification of the following fund: Dry Run Construction Agency Fund. This restates the January 1, 1999 balance from \$764,092 to \$1,167,538.

Adjustments were made to the beginning Agency Fund balance of the 1999 fiscal year. The adjustment decreased January 1, 1999 fund balance by \$403,517 due to a change in classification of the Dry Run Construction Fund and to include the Mayor's Court beginning balance. This restates the January 1, 1999 balance from \$403,461 to \$(56).



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Newtown, Hamilton County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 21, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the name.

Jim Petro
Auditor of State

June 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF NEWTON

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 18, 2000**