



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Newtonsville
Clermont County
P.O. Box 245
Newtonsville, Ohio 45158

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 28, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Newtonsville
Clermont County
P.O. Box 245
Newtonsville, Ohio 45158

To the Village Council:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

October 28, 2010

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$9,294		\$9,294
Intergovernmental	29,727	\$23,782	53,509
Fines, Licenses and Permits	9,069	790	9,859
Earnings on Investments	33	121	154
Miscellaneous	313		313
	48,436	24,693	73,129
Cash Disbursements:			
Current:			
Security of Persons and Property	7,524		7,524
Public Health Services	320		320
Leisure Time Activities	300		300
Transportation		392	392
General Government	34,711		34,711
	42,855	392	43,247
Total Receipts Over Disbursements	5,581	24,301	29,882
Other Financing Receipts / (Disbursements):			
Sale of Fixed Assets	500		500
Other Financing Sources	2,588		2,588
Other Financing Uses		(2,588)	(2,588)
	3,088	(2,588)	500
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,669	21,713	30,382
Fund Cash Balances, January 1	25,711	111,072	136,783
Fund Cash Balances, December 31	\$34,380	\$132,785	\$167,165

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

VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY

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

Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	<u>\$9,130</u>
Total Non-Operating Cash Receipts	<u>9,130</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>9,130</u>
Total Non-Operating Cash Disbursements	<u>9,130</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balances, January 1	<u> </u>
Fund Cash Balances, December 31	<u><u>\$0</u></u>

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

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$9,245		\$9,245
Intergovernmental	31,878	\$24,126	56,004
Fines, Licenses and Permits	3,889	0	3,889
Earnings on Investments	76	240	316
	<u>45,088</u>	<u>24,366</u>	<u>69,454</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	4,632		4,632
Public Health Services	634		634
Transportation		8	8
General Government	39,308		39,308
	<u>44,574</u>	<u>8</u>	<u>44,582</u>
Total Cash Disbursements	<u>44,574</u>	<u>8</u>	<u>44,582</u>
Total Receipts Over Disbursements	<u>514</u>	<u>24,358</u>	<u>24,872</u>
Fund Cash Balances, January 1	<u>25,197</u>	<u>86,714</u>	<u>111,911</u>
Fund Cash Balances, December 31	<u>\$25,711</u>	<u>\$111,072</u>	<u>\$136,783</u>
Reserve for Encumbrances, December 31	<u>\$2,597</u>	<u>\$0</u>	<u>\$2,597</u>

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

VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY

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

Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	<u>\$652</u>
Total Non-Operating Cash Receipts	<u>652</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>652</u>
Total Non-Operating Cash Disbursements	<u>652</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balances, January 1	<u> </u>
Fund Cash Balances, December 31	<u><u>\$0</u></u>

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

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Newtonsville, Clermont County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance services. The Village also began to provide police services in 2008. water and sewer utilities, park operations, and police services The Village contracts with the Clermont County Sheriff's department to provide security of persons and property.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Village has an interest bearing checking account which is valued at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 ninety seven percent of all gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

State Highway Fund – This fund receives three percent of all gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways that run through the Village.

Permissive Motor Vehicle License Fund – This fund receives permissive taxes and for constructing, maintaining, and repairing Village streets.

3. Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following Agency Fund:

Mayor's Court Fund – This fund accounts for fines collected by the Mayor's Court and distributed to the Village and other governmental agencies. The Mayor's court discontinued operation in May 2006 and only received payments from past due fines until July 2009 when the court was re-established.

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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

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

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$167,165	\$136,782

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,500	\$51,211	\$7,711
Special Revenue	17,500	25,006	7,506
Total	\$61,000	\$76,217	\$15,217

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,987	\$42,855	\$27,132
Special Revenue	6,000	2,980	3,020
Total	\$75,987	\$45,835	\$30,152

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,684	\$45,089	(\$9,595)
Special Revenue	11,700	24,365	12,665
Total	\$66,384	\$69,454	\$3,070

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,252	\$47,171	\$22,081
Special Revenue	6,000	8	5,992
Total	\$75,252	\$47,179	\$28,073

4. Property Tax

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

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.

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 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, 2009.

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(Continued)**

6. Risk Management

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

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Villages's share of these unpaid claims collectible in future years is approximately \$4,574.

VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(Continued)

6. Risk Management (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2007	\$4,633
2008	\$4,099
2009	\$4,715

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date.

Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

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

Village of Newtonsville
Clermont County
P.O. Box 245
Newtonsville, Ohio 45158

To the Village Council:

We have audited the financial statements of the Village of Newtonsville, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 28, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 28, 2010.

We intend this report solely for the information and use of management, and the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 28, 2010

**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2009-001

Noncompliance/Material Weakness

Ohio Admin. Code, Section 117-2-02(A), requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted numerous posting errors that affected the actual as well as the budgetary numbers reported in the financial statements.

Ohio Admin. Code, Section 117-2-01(D), provides that when designing a public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Village lacked management oversight in the proper recording of various transactions. In addition to posting errors the Village failed to create an agency fund to account for financial activity associated with the mayor's court.

The following reclassifications and adjustments will have to be made to the Village's financial statements:

Adjustments/Reclasses

		Fund	Description	Year	Originally Reported as:	Reclassified/ Adjusted to:	Amount
From	General		To reclasssify solicitor's salary and benefits as well as an expenditure for software.	2009	Other Financing Uses	General Government	
To	General						\$ 3,076

**FINDING NUMBER 2009-001
 (Continued)**

	Fund	Description	Year	Originally Reported as:	Reclassified/ Adjusted to:	Amount
From	General	To reclassify a reimbursement to the general fund for audit costs.	2009	Transfers Out	Other Financing Uses	\$ 2,588
To	General					
From	Street Construction Fund	To reclassify a reimbursement to the general fund.	2009	Transfers Out	Other Financing Uses	\$ 2,056
To	Street Construction Fund					
From	Permissive Motor Vehicle and License Fund	To reclassify a reimbursement to the general fund.	2009	Transfers Out	Financing Uses	\$ 364
To	Permissive Motor Vehicle and License Fund					
From	Permissive Motor Vehicle and License Fund	To reclassify intergovernmental payments.	2009	Fines Licenses and Permits	Intergovernmental	\$ 2,891
To	Permissive Motor Vehicle and License Fund					
From	Permissive Motor Vehicle and License Fund	To reclassify intergovernmental receipts.	2009	Earnings on Investments	Intergovernmental	\$ 251
To	Permissive Motor Vehicle and License Fund					
From	Permissive Motor Vehicle and License Fund	To adjust intergovernmental money for street construction and state highways posted to the wrong fund.	2009	Fines Licenses and Permits	Intergovernmental	\$ 4,840
To	Street Construction Fund					4,477
To	State Highway Fund					\$ 363

**FINDING NUMBER 2009-001
 (Continued)**

Fund	Description	Year	Originally Reported as:	Reclassified/ Adjusted to:	Amount
Street Construction Fund	To adjust money for street construction to the Street Construction Fund that was incorrectly posted to the State Highway Fund	2009	Intergovernmental	Intergovernmental	\$ 797
State Highway Fund					
General Fund	To adjust money from the General Fund collected via Mayor's Court fines for computers to the Computer Fund.	2009	Fines Licenses and Permits	Fines Licenses and Permits	\$ 790
Computer Fund					
Agency Fund	To account of fines collected by the Mayor's Court in an agency fund	2009	Cash Fund Balance	Non-Operating Cash Receipts	\$ 9,130
Agency Fund					
Agency Fund	To account for disbursements from the Mayor's Court account in an agency fund	2009	Other Non-Operating Cash Disbursements	Cash Balance	\$ 9,130
Agency Fund					
General Fund	To reclassify remaining outstanding fines from previous years.	2008	Other Financing Sources	Fines , Permits, and Fees	\$ 418
General Fund					
General Fund	To reclassify the Solicitor's salary and benefits.	2008	Other Financing Uses	General Government	\$ 3,209
General Fund					
Permissive Motor Vehicle and License Fund	To reclassify permissive motor vehicle and license tax from fines, licenses, and permits.	2008	Fines Licenses and Permits	Intergovernmental	\$ 2,982
Permissive Motor Vehicle and License Fund					
Permissive Motor Vehicle and License Fund	To adjust intergovernmental money for street construction and state highway maintenance posted to the wrong fund.	2008	Fines Licenses and Permits	Intergovernmental	\$ 4,928
Street Construction Fund					4558
State Highway Fund					\$ 370

**FINDING NUMBER 2009-001
 (Continued)**

	Fund	Description	Year	Originally Reported as:	Reclassified/ Adjusted to:	Amount
From	State Highway Fund	To adjust intergovernmental money for street construction to the Street Construction Fund.	2008	Intergovernmental	Intergovernmental	\$ 799
To	Street Construction Fund					
From	General Fund	To adjust fines received from Mayor's Court to the Agency Fund	2008	Other Financing Uses	Other Non-operating Cash Receipts	\$ 652
To	Agency Fund					
From	General Fund	To adjust fines received from Mayor's Court to the Agency Fund	2008	General Cash Fund Balance	Agency Cash Fund Balance	\$ 652
To	Agency Fund					
From	Agency Fund	To show disbursements from Agency Fund to the General Fund.	2008	Agency Fund Cash Balance	Fines, Permits, and Fees	\$ 556
To	General Fund					

As a result of these errors, receipts and disbursements for certain line items and funds were incorrectly reported on the annual report. Audit adjustments and reclassifications were required to the cash fund balances, cash receipts, and cash disbursements to fairly state the individual line items on the statements. These adjustments and reclassifications have been posted to the Village's financial statements and accounting records.

We recommend due care be exercised when posting entries to the cash journal to prevent errors and accurately present the Village's financial activity in the annual report. The Fiscal Officer should refer to the chart of accounts when posting to the Village's records. The Village should also establish control procedures for the review of the financial activity posted to the accounting records and financial statements.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code, Section 733.40, provides, in part, that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due the mayor, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all moneys received, from whom and for what purposes received, and when paid into the treasury. Also that except as otherwise provided by section 307.515 or 4511.19 of the Revised Code, the mayor shall pay all court costs and fees collected by the mayor in state cases into the municipal treasury on the first business day of each month.

The Mayors Court did not pay out fines timely 83% of the time in 2009 to the Village. The Mayor's Court did not pay out fines timely 100% in 2009 and 2008 to the State.

Not depositing timely can result in loss of assets.

We recommend the Mayor review the Mayor's Court account activity so disbursements can be remitted to the Village and State within the mandated timeframe set through the Ohio Revised Code.

We did not receive a response from officials regarding the findings reported above.

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**VILLAGE OF NEWTONSVILLE
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Village did not remit Mayor's Court fines timely	No	Reissued as finding 2009-002
2007-002	The Village did not post receipts at gross or to the proper account.	No	Partially Corrected. Receipts were posted at gross but were not always posted to the proper fund or line item. Finding 2009-001 addresses incorrect postings.
2007-003	The Village did not establish a special revenue fund for CDGB monies	N/A	No longer valid; no CDBG monies received this period. No need for additional special revenue funds this period.

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Mary Taylor, CPA
Auditor of State

VILLAGE OF NEWTONSVILLE

CLERMONT 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
NOVEMBER 16, 2010**