

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Newtown, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Newtown is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 20, 2012

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**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

To the Members of Village Council  
Village of Newtown, Hamilton County, Ohio

We have audited the accompanying financial statements of the Village of Newtown, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. 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 *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 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position, 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 as of December 31, 2011 and 2010, and the reserves for encumbrances as of December 31, 2010 of the Village and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 6, 2012



**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property Tax and Other Local Taxes	\$ 206,379	\$ 16,058	\$ -	\$ 222,437
Municipal Income Tax	1,330,002	-	-	1,330,002
Intergovernmental Revenues	103,957	242,050	-	346,007
Charges for Services	145	17,536	-	17,681
Fines, Licenses and Permits	143,974	13,837	-	157,811
Earnings on Investments	607	40	-	647
Miscellaneous	15,687	48,454	-	64,141
<b>Total Cash Receipts</b>	<b>1,800,751</b>	<b>337,975</b>	<b>-</b>	<b>2,138,726</b>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons & Property	650,663	7,974	-	658,637
Public Health Services	-	1,682	-	1,682
Leisure Time Activities	-	119,867	-	119,867
Basic Utility Services	122,811	-	-	122,811
Transportation	157,355	73,849	-	231,204
General Government	706,869	5,780	-	712,649
Capital Outlay	-	180,997	107,630	288,627
Debt Service:				
Principal Payment	-	-	9,853	9,853
Interest and Fiscal Charges	-	-	1,629	1,629
<b>Total Cash Disbursements</b>	<b>1,637,698</b>	<b>390,149</b>	<b>119,112</b>	<b>2,146,959</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>163,053</b>	<b>(52,174)</b>	<b>(119,112)</b>	<b>(8,233)</b>
<i>Other Financing Receipts (Disbursements):</i>				
Sale of Fixed Assets	54,000	-	-	54,000
Transfers-In	-	44,244	64,899	109,143
Transfers-Out	(109,143)	-	-	(109,143)
Advances-In	5,288	5,288	-	10,576
Advances Out	(5,288)	(5,288)	-	(10,576)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(55,143)</b>	<b>44,244</b>	<b>64,899</b>	<b>54,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>107,910</b>	<b>(7,930)</b>	<b>(54,213)</b>	<b>45,767</b>
<b>Fund Cash Balances, January 1</b>	<b>1,180,383</b>	<b>371,031</b>	<b>451,745</b>	<b>2,003,159</b>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	363,101	385,939	749,040
Assigned	-	-	11,593	11,593
Unassigned	1,288,293	-	-	1,288,293
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,288,293</b>	<b>\$ 363,101</b>	<b>\$ 397,532</b>	<b>\$ 2,048,926</b>

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Receipts	97,748
Total Non-Operating Cash Receipts	97,748
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Disbursements	96,461
Total Non-Operating Cash Disbursements	96,461
Total Receipts Over (Under) Disbursements	1,287
Fund Cash Balances, January 1	8,833
Fund Cash Balances, December 31	\$ 10,120

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property Tax and Other Local Taxes	\$ 271,364	\$ 15,114	\$ -	\$ 286,478
Municipal Income Tax	1,178,552	-	-	1,178,552
Intergovernmental Revenues	100,350	193,418	-	293,768
Charges for Services	140	16,732	-	16,872
Fines, Licenses and Permits	158,729	18,055	-	176,784
Earnings on Investments	1,343	83	-	1,426
Miscellaneous	17,919	50	-	17,969
<b>Total Cash Receipts</b>	<b>1,728,397</b>	<b>243,452</b>	<b>-</b>	<b>1,971,849</b>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons & Property	646,954	20,042	-	666,996
Public Health Services	-	8,898	-	8,898
Leisure Time Activities	-	44,569	-	44,569
Basic Utility Services	122,846	-	-	122,846
Transportation	151,490	70,434	-	221,924
General Government	683,302	4,997	-	688,299
Capital Outlay	-	59,834	51,757	111,591
Debt Service:				
Principal Payment	-	-	9,681	9,681
Interest and Fiscal Charges	-	-	1,801	1,801
<b>Total Cash Disbursements</b>	<b>1,604,592</b>	<b>208,774</b>	<b>63,239</b>	<b>1,876,605</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>123,805</b>	<b>34,678</b>	<b>(63,239)</b>	<b>95,244</b>
<i>Other Financing Receipts (Disbursements):</i>				
Sale of Fixed Assets	865	-	-	865
Transfers-In	91,186	73,700	59,795	224,681
Transfers-Out	(133,495)	(91,186)	-	(224,681)
Advances-In	1,919	1,919	-	3,838
Advances Out	(1,919)	(1,919)	-	(3,838)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(41,444)</b>	<b>(17,486)</b>	<b>59,795</b>	<b>865</b>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	82,361	17,192	(3,444)	96,109
Fund Cash Balances, January 1	1,098,022	353,839	455,189	1,907,050
Fund Cash Balances, December 31	<u>\$ 1,180,383</u>	<u>\$ 371,031</u>	<u>\$ 451,745</u>	<u>\$ 2,003,159</u>
Reserve for Encumbrances, December 31	<u>\$ 538</u>	<u>\$ 10,677</u>	<u>\$ -</u>	<u>\$ 11,215</u>

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Receipts	118,030
Total Non-Operating Cash Receipts	118,030
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Disbursements	109,197
Total Non-Operating Cash Disbursements	109,197
Total Receipts Over (Under) Disbursements	8,833
Fund Cash Balances, January 1	-
Fund Cash Balances, December 31	\$ 8,833

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Newtown, Hamilton County, Ohio (Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides road maintenance, park operations and police services. The Little Miami Joint Fire Rescue District provides fire and EMS protection services to the Village.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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**

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

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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(continued)**

**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* - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

*Parks and Recreation* - This fund receives intergovernmental revenues and revenue from charges for services for the operation and maintenance of Village parks.

**3. Capital Projects Fund**

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

*Capital Improvement Fund* - This fund is used construct various capital projects within the Village as well as repay the Ohio Public Works for loans that provided funds for road repairs.

**4. Fiduciary Fund (Agency Fund)**

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

*Mayor's Court Fund* - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds collected in part are on behalf of the State of Ohio.

**E. Budgetary Process**

The Ohio Revised Code requires that the Village budget 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

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(continued)**

exceed estimated resources. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

**1. Non-spendable**

The Village classifies assets as **non-spendable** when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund,

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(continued)**

*assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by state statute.

**5. Unassigned**

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

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

**G. 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.

**H. 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.

**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:

	2011	2010
Demand deposits	\$1,423,856	\$1,377,159
STAR Ohio	635,190	634,833
Total deposits and investments	\$2,059,046	\$2,011,992

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

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



**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
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**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,694,472	\$ 1,860,039	\$ 165,567
Special Revenue	449,743	387,507	(62,236)
Capital Projects	64,899	64,899	-
Total	\$ 2,209,114	\$ 2,312,445	\$ 103,331

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,724,685	\$ 1,752,129	\$ 972,556
Special Revenue	646,816	395,437	251,379
Capital Projects	515,641	119,112	396,529
Total	\$ 3,887,142	\$ 2,266,678	\$ 1,620,464

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,734,332	\$ 1,822,367	\$ 88,035
Special Revenue	503,751	319,071	(184,680)
Capital Projects	59,795	59,795	-
Total	\$ 2,297,878	\$ 2,201,233	\$ (96,645)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,802,537	\$ 1,740,544	\$ 1,061,993
Special Revenue	784,322	312,556	471,766
Capital Projects	514,982	63,239	451,743
Total	\$ 4,101,841	\$ 2,116,339	\$ 1,985,502

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(continued)**

**4. PROPERTY TAXES**

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

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 taxes, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - Route 32	\$ 56,000	0.00%
OPWC - Church Street	49,919	3.00%
Total	<u>\$ 105,919</u>	

The Village received an \$80,000 loan by the Ohio Public Works Commission on November 15, 1999 for the Route 32 improvements project. This loan requires semi-annual payments of \$2,000 on January 1 and July 1 of each year for 20 years, beginning on July 1, 2006 with the final payment due on July 1, 2026.

The Village received an \$89,845 loan by the Ohio Public Works Commission on July 1, 2000 for the Church Street improvements project. The loan requires semi-annual payments of \$3,741 on January 1 and July 1 of each year for 15 years, with the first principle payment beginning on January 1, 2005. The final payment is due on July 1, 2019.

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
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(continued)**

Amortization of the above debt, including interest follows:

Year Ending December 31:	OPWC Route 32	OPWC Church Street
2012	\$ 2,000	\$ 3,741
2013	4,000	7,482
2014	4,000	7,482
2015	4,000	7,482
2016	4,000	7,482
2017-2021	20,000	22,446
2022-2026	18,000	-
Total	\$56,000	\$56,115

**7. RETIREMENT SYSTEMS**

The Village’s full time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ retirement benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. For 2011 and 2010, OPERS members contributed 10% and 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, 2011.

**8. RISK MANAGEMENT**

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the

**VILLAGE OF NEWTOWN  
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(continued)**

application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Government participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Government does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

**9. TRANSFERS**

During 2011 and 2010, transfers were made from the General Fund to various funds to provide funding for operations of those funds or to fund capital project costs. In addition, during 2010, \$73,893 and \$17,293 were transferred from the Fire and EMS Funds, respectively, to the General Fund to close out inactive funds in accordance with Ohio Revised Code 2705.14(D).

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of Village Council  
Village of Newtown, Hamilton County, Ohio

We have audited the financial statements of the Village of Newtown, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 6, 2012, 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. For the year ended December 31, 2011, we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Controls 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 auditing procedures for the purpose 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Village in a separate letter dated June 6, 2012.

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

*Bastin & Company, LLC*

Cincinnati, Ohio  
June 6, 2012

**VILLAGE OF NEWTOWN  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2009-01	Expenditures exceeded appropriations	Yes	Condition not noted during current audit period.
2009-02	Appropriations exceeded estimated resources	Yes	Considered resolved. A non-material item has been reported to management in a separate letter.

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# Dave Yost • Auditor of State

VILLAGE OF NEWTOWN

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  
OCTOBER 02, 2012