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1310 Market Street, Suite 300
Wheeling, WV 26003
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**VILLAGE OF FAIRFAX
HAMILTON COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

Village Council
Village of Fairfax
5903 Hawthorne Avenue
Fairfax, Ohio 45227

We have reviewed the *Independent Auditor's Report* of the Village of Fairfax, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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 Fairfax is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 30, 2017

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VILLAGE OF FAIRFAX
HAMILTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 23, 2017

Village of Fairfax
Hamilton County
5903 Hawthorne Avenue
Fairfax, Ohio 45227

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **the Village of Fairfax**, Hamilton County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Fairfax, Hamilton County, as of December 31 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 109,872	\$ 6,657	\$ -	\$ 116,529
Municipal Income Tax	3,907,645	-	-	3,907,645
Intergovernmental	425,439	125,674	-	551,113
Payments in Lieu of Taxes	-	807,315	-	807,315
Charges for Services	19,078	-	-	19,078
Fines, Licenses and Permits	158,671	14,090	-	172,761
Earnings on Investments	7,090	110	-	7,200
Miscellaneous	203,246	-	-	203,246
<i>Total Cash Receipts</i>	<u>4,831,041</u>	<u>953,846</u>	<u>-</u>	<u>5,784,887</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,152,251	6,842	-	1,159,093
Public Health Services	3,901	-	-	3,901
Leisure Time Activities	63,488	-	-	63,488
Community Environment	60,844	-	-	60,844
Basic Utility Services	144,363	-	-	144,363
Transportation	1,032,340	55,323	-	1,087,663
General Government	1,136,561	6,264	-	1,142,825
TIF Compensation Payments	-	807,315	-	807,315
Capital Outlay	-	8,080	41,950	50,030
<i>Total Cash Disbursements</i>	<u>3,593,748</u>	<u>883,824</u>	<u>41,950</u>	<u>4,519,522</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,237,293</u>	<u>70,022</u>	<u>(41,950)</u>	<u>1,265,365</u>
Other Financing Receipts (Disbursements)				
Transfers In	5,703	-	78,270	83,973
Transfers Out	(78,270)	-	(5,703)	(83,973)
Advances In	-	-	13,680	13,680
Advances Out	(13,680)	-	-	(13,680)
Other Financing Uses	(2,316)	-	-	(2,316)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(88,563)</u>	<u>-</u>	<u>86,247</u>	<u>(2,316)</u>
<i>Net Change in Fund Cash Balances</i>	1,148,730	70,022	44,297	1,263,049
<i>Fund Cash Balances, January 1</i>	<u>3,736,568</u>	<u>188,515</u>	<u>149,679</u>	<u>4,074,762</u>
Fund Cash Balances, December 31				
Restricted	-	258,537	-	258,537
Committed	182	-	193,976	194,158
Assigned	96,728	-	-	96,728
Unassigned	4,788,388	-	-	4,788,388
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,885,298</u>	<u>\$ 258,537</u>	<u>\$ 193,976</u>	<u>\$ 5,337,811</u>

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Earnings on Investments (trust funds only)	-	48	48
<i>Total Operating Cash Receipts</i>	-	48	48
Operating Cash Disbursements			
Personal Services	19,061	-	19,061
Employee Fringe Benefits	2,761	-	2,761
Contractual Services	881,347	-	881,347
Supplies and Materials	11,012	-	11,012
Other	7,204	-	7,204
<i>Total Operating Cash Disbursements</i>	921,385	-	921,385
<i>Operating Income (Loss)</i>	(921,385)	48	(921,337)
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	956,823	-	956,823
Miscellaneous Receipts	24,954	-	24,954
Other Financing Sources	93,686	-	93,686
Other Financing Uses	(96,718)	(1,000)	(97,718)
<i>Total Non-Operating Receipts (Disbursements)</i>	978,745	(1,000)	977,745
<i>Net Change in Fund Cash Balances</i>	57,360	(952)	56,408
<i>Fund Cash Balances, January 1</i>	185,275	19,266	204,541
<i>Fund Cash Balances, December 31</i>	<u>\$ 242,635</u>	<u>\$ 18,314</u>	<u>\$ 260,949</u>

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 145,766	\$ 6,544	\$ -	\$ 152,310
Municipal Income Tax	3,551,493	-	-	3,551,493
Intergovernmental	53,185	119,607	498,972	671,764
Payments in Lieu of Taxes	-	913,176	-	913,176
Charges for Services	18,992	-	-	18,992
Fines, Licenses and Permits	126,888	11,118	-	138,006
Earnings on Investments	5,344	59	-	5,403
Miscellaneous	433,909	-	-	433,909
<i>Total Cash Receipts</i>	<u>4,335,577</u>	<u>1,050,504</u>	<u>498,972</u>	<u>5,885,053</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,135,118	3,818	-	1,138,936
Public Health Services	3,786	-	-	3,786
Leisure Time Activities	77,297	-	-	77,297
Community Environment	53,383	-	-	53,383
Basic Utility Services	168,658	-	-	168,658
Transportation	648,503	105,044	222,163	975,710
General Government	1,337,552	10,843	812	1,349,207
TIF Compensation Payments	-	913,176	-	913,176
Capital Outlay	1,605	-	320,327	321,932
<i>Total Cash Disbursements</i>	<u>3,425,902</u>	<u>1,032,881</u>	<u>543,302</u>	<u>5,002,085</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>909,675</u>	<u>17,623</u>	<u>(44,330)</u>	<u>882,968</u>
Other Financing Receipts				
Transfers In	-	-	366,029	366,029
Transfers Out	(366,029)	-	-	(366,029)
Advances In	680,515	-	253,557	934,072
Advances Out	(253,557)	-	(680,515)	(934,072)
Other Financing Sources	38,994	-	-	38,994
<i>Total Other Financing Receipts</i>	<u>99,923</u>	<u>-</u>	<u>(60,929)</u>	<u>38,994</u>
<i>Net Change in Fund Cash Balances</i>	1,009,598	17,623	(105,259)	921,962
<i>Fund Cash Balances, January 1</i>	<u>2,726,970</u>	<u>170,892</u>	<u>254,938</u>	<u>3,152,800</u>
Fund Cash Balances, December 31				
Restricted	-	188,515	5,703	194,218
Committed	662	-	143,976	144,638
Assigned	27,881	-	-	27,881
Unassigned	3,708,025	-	-	3,708,025
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,736,568</u>	<u>\$ 188,515</u>	<u>\$ 149,679</u>	<u>\$ 4,074,762</u>

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Earnings on Investments (trust funds only)	-	51	51
<i>Total Operating Cash Receipts</i>	-	51	51
Operating Cash Disbursements			
Personal Services	65,245	-	65,245
Employee Fringe Benefits	8,349	-	8,349
Contractual Services	614,371	-	614,371
Supplies and Materials	92,820	-	92,820
Other	24,846	-	24,846
<i>Total Operating Cash Disbursements</i>	805,631	-	805,631
<i>Operating Income (Loss)</i>	(805,631)	51	(805,580)
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	762,519	-	762,519
Miscellaneous Receipts	9,743	-	9,743
Other Financing Sources	133,350	-	133,350
Other Financing Uses	(135,423)	(1,001)	(136,424)
<i>Total Non-Operating Receipts (Disbursements)</i>	770,189	(1,001)	769,188
<i>Net Change in Fund Cash Balances</i>	(35,442)	(950)	(36,392)
<i>Fund Cash Balances, January 1</i>	220,717	20,216	240,933
<i>Fund Cash Balances, December 31</i>	<u>\$ 185,275</u>	<u>\$ 19,266</u>	<u>\$ 204,541</u>

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 - Reporting Entity

The Village of Fairfax, Hamilton County (the Village), 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 police protection, recreation, street maintenance and repair, and general administrative services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization. Notes 7 and 12 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Village participates in two public entity risk pools, the Ohio Plan Risk Management, Inc (OPRM) and the Center for Local Government Benefits Pool (Benefits Pool). The OPRM is 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 Benefits Pool carries out a cost effective health program for its member organizations.

Joint Venture:

Columbia Township and the Village of Fairfax contracted to create the Columbia Township Joint Economic Development Zone for the purpose of facilitating economic development in the zone.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

VILLAGE OF FAIRFAX
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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:

Tax Increment Financing Fund This fund is used to account for financial resources related to the Village's tax increment financing agreement.

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:

Little Duck Creek 2014 PDM Grant Fund This fund is used to account for grants received for pre-disaster mitigation within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's private purpose trust funds represent scholarship 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's agency funds account for the collection and distribution of Mayor's Court fines and forfeitures, and the JED Zone collections and disbursements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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 approve estimated resources.

VILLAGE OF FAIRFAX
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Note 3 - Budgetary Activity

Budgetary activity for the years ended December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,156,493	\$ 4,836,744	\$ 680,251
Special Revenue	1,088,800	953,846	(134,954)
Capital Projects	657,287	78,270	(579,017)
Private Purpose Trust	55	48	(7)
Total	\$ 5,902,635	\$ 5,868,908	\$ (33,727)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,137,009	\$ 3,771,062	\$ 365,947
Special Revenue	1,107,294	886,951	220,343
Capital Projects	554,980	47,653	507,327
Private Purpose Trust	1,000	1,000	-
Total	\$ 5,800,283	\$ 4,706,666	\$ 1,093,617

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,401,302	\$ 4,374,571	\$ (26,731)
Special Revenue	1,086,370	1,050,504	(35,866)
Capital Projects	2,800,032	865,001	(1,935,031)
Private Purpose Trust	100	51	(49)
Total	\$ 8,287,804	\$ 6,290,127	\$ (1,997,677)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,474,370	\$ 3,819,812	\$ 654,558
Special Revenue	1,097,232	1,044,561	52,671
Capital Projects	2,422,358	543,302	1,879,056
Private Purpose Trust	1,000	1,001	(1)
Total	\$ 7,994,960	\$ 5,408,676	\$ 2,586,284

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 4 – Deposits

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

	2016	2015
Demand Deposits	\$ 4,802,190	\$ 3,482,333
Certificate of deposit	796,570	796,970
Total Deposits	\$ 5,598,760	\$ 4,279,303

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2016, consisted of \$87,536 advanced to Wooster Pike Revitalization fund from the General Fund to provide working capital for operations or projects.

Transfers

During 2016, a transfer was made to repay the General Fund for money paid toward the Wooster Pike Revitalization Project. This transfer was determined to be appropriate and in compliance with the Ohio Revised Code:

	2016 Transfers	
	Transfers In	Transfers Out
Wooster Pike Revitalization Fund	\$ -	\$ 5,703
General Fund	5,703	78,270
Little Duck Creed 2014 PDM Grant Fund	28,270	-
Major Repairs Fund	50,000	-
Total	\$ 83,973	\$ 83,973

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 6 – Interfund Balances (Continued)

	2015 Transfers	
	<u>Transfers In</u>	<u>Transfers Out</u>
Wooster Pike Revitalization Fund	\$ 222,163	\$ -
General Fund	-	366,029
Little Duck Creed 2014 PDM Grant Fund	93,866	-
Major Repairs Fund	50,000	-
Total	<u>\$ 366,029</u>	<u>\$ 366,029</u>

Note 7 - Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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 equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

Note 7 - Risk Management (Continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Village is a member of the Center for Local Government Benefits Pool (Benefits Pool), a public entity shared risk pool. The Benefits Pool's primary purpose and objective is establishing and carrying out a cost effective health program for its member organizations. Each member is entitled to appoint one Director on the Board of Directors. The Jefferson Health Plan serves as the fiscal agent for the Benefits Pool.

The Benefits Pool contracts with the Jefferson Health Plan, a risk-sharing, claims servicing and insurance purchasing pool, comprised of 90 members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Benefits Pools business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Benefits Pool offers medical, dental and prescription drug coverage to the members, with the opportunity to choose from several different benefit plans. The Benefits Pool is responsible for claims up to \$150,000 per individual. Benefits Pool members also participate in a shared risk internal pool for individual claims between \$150,000 and \$500,000, and all claims within this range are paid from the shared internal risk pool. For all individual claims exceeding \$500,000, stop loss coverage is purchased. All Benefits Pool participants also pay a monthly administrative fee for fiscal services and third party administrative services.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

32 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 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, 2016.

Ohio Police and Fire Retirement System

The Village's 9 certified 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 11.5% of their wages from January 1, 2015 through June 30, 2015 and 12.25% of their wages from July 1, 2015 through December 31, 2016. 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, 2016.

VILLAGE OF FAIRFAX
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 9 – Leases

The Village leases two vehicles and 3 copiers under noncancelable leases. The Village disbursed \$37,123 to pay lease costs for the year ended December 31, 2016.

Amortization

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

Year Ended	Leases
2017	\$ 37,123
2018	4,962
2019	3,528
Total	<u>\$ 45,613</u>

Note 10 – Construction and Contractual Commitments

Fund 4901 – 2014 PDM Grant still has \$119,822 in the Village's portion to use and \$20.00 in Grant money to use.

Note 11 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Joint Ventures

Columbia Township and the Village of Fairfax contracted to create the Columbia Township Joint Economic Development Zone (JEDZ) for the purpose of facilitating economic development in the Zone.

A 1% income tax was enacted for each JEDZ. Imposition of the tax began on April 1, 2014 and terminates March 31, 2054 with three 10 year automatic extensions.

Distribution of Gross Tax:

- 1% Reserve for future maintenance, administration and expenses;
- 2% Annual service fee for Village of Fairfax to collect the income;
- 2% Escrow Fund for the purposes of paying refunds and in general to balance accounts or pay expenses; and
- 95% Net Distribution

VILLAGE OF FAIRFAX
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 12 – Joint Ventures (Continued)

Distributable revenue means the JEDZ's annual gross income tax revenue minus the sum of the Reserve fee, the Service fee and the Escrow fee. Following the collection of tax through December 31 of the first calendar year in which the JEDZ collects tax, distributable revenue from the prior quarter shall be paid to the contracting parties (Columbia Township and the Village of Fairfax) not less than quarterly:

Net Distribution:

90% of the Net Distribution to Columbia Township
10% of the Net Distribution to the Village of Fairfax

Note 13 – Tax Increment Financing Agreement

The Village receives payments in lieu of taxes from a Tax Increment Financing (TIF) District within the Village. The TIF receipts are assigned and remitted to the Port of Greater Cincinnati Development Authority through a Cooperative Agreement to make payments on bonds issued by the Port Authority for the purpose of financing costs of the acquisition, construction, installation, equipping, improvement, and development of public infrastructure improvements in cooperation with the Village.

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740.373.0056

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Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 23, 2017

Village of Fairfax
Hamilton County
5903 Hawthorne Avenue
Fairfax, Ohio 45227

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Fairfax**, Hamilton County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 23, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 23, 2017.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be classified in accordance with GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

During 2016 and 2015, several receipts, disbursements and fund balances were not posted to accurate classifications. The following posting errors were noted:

- The Hike/Bike Trail and Beautification Funds were recorded as Special Revenue Funds instead of in the General Fund in 2015 and 2016.
- The Lucas/Ziegler Scholarship Fund was recorded as an Agency Fund instead of a Private Purpose Trust Fund in 2015 and 2016.
- General Fund outstanding encumbrances were classified as Unassigned instead of Assigned in 2015 and 2016.
- Property & Other Local Tax revenue was over reported in the JED Zone Agency Fund in 2015.
- Contractual Services disbursements were over reported in the JED Zone Agency Fund in 2015.
- The Village recorded an improper transfer in and a corresponding disbursement in the JED Zone Agency Fund in 2015.
- The Village incorrectly recorded ODOT grant revenue and corresponding disbursements in 2015 that were already recognized in 2014.
- OPWC grant revenue was over reported due to the Village recording the same receipt twice in 2015.
- In 2015 and 2016, the Village did not record its Mayor's Court account activity to the accounting system.

Not posting revenues, disbursements, and fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The accompanying financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We recommend the Clerk Treasurer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt accounts. We also recommend the Clerk Treasurer refer to Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF FAIRFAX
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2016-001



Dave Yost • Auditor of State

VILLAGE OF FAIRFAX

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
SEPTEMBER 12, 2017