



**VILLAGE OF FAIRFAX  
HAMILTON COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Fairfax  
5903 Hawthorne Avenue  
Fairfax, OH 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, 2019 through December 31, 2020. 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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 15, 2022

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VILLAGE OF FAIRFAX  
HAMILTON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 29, 2022

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 for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Fairfax, Hamilton County, Ohio (the Village).

### ***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(C) 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 such 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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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(C), 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(C) 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, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 16 for 2020 and Note 14 for 2019 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

As discussed in Note 15 to the 2020 financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 & 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, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 169,576	\$ 6,549	\$ -	\$ 176,125
Municipal Income Tax	3,911,426	-	-	3,911,426
Intergovernmental	45,530	283,408	-	328,938
Payment in Lieu of Taxes	-	936,474	-	936,474
Charges for Services	4,324	-	-	4,324
Fines, Licenses and Permits	64,917	6,076	-	70,993
Earnings on Investments	22,378	-	-	22,378
Miscellaneous	321,529	-	-	321,529
<i>Total Cash Receipts</i>	<u>4,539,680</u>	<u>1,232,507</u>	<u>-</u>	<u>5,772,187</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,251,767	8,242	-	1,260,009
Public Health Services	4,238	-	-	4,238
Leisure Time Activities	40,226	-	-	40,226
Community Environment	23,349	-	-	23,349
Basic Utility Services	298,216	-	-	298,216
Transportation	630,284	64,953	-	695,237
General Government	1,387,673	11,391	-	1,399,064
TIF Compensation Payments	-	936,474	-	936,474
<i>Total Cash Disbursements</i>	<u>3,635,753</u>	<u>1,021,060</u>	<u>-</u>	<u>4,656,813</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>903,927</u>	<u>211,447</u>	<u>-</u>	<u>1,115,374</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	60,000	150,000	210,000
Transfers Out	(210,000)	-	-	(210,000)
Other Financing Uses	(85,908)	-	-	(85,908)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(295,908)</u>	<u>60,000</u>	<u>150,000</u>	<u>(85,908)</u>
<i>Net Change in Fund Cash Balances</i>	608,019	271,447	150,000	1,029,466
<i>Fund Cash Balances, January 1</i>	<u>7,439,198</u>	<u>511,169</u>	<u>304,278</u>	<u>8,254,645</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 8,047,217</u>	<u>\$ 782,616</u>	<u>\$ 454,278</u>	<u>\$ 9,284,111</u>

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

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Private Purpose Trust	Other Custodial	Totals (Memorandum Only)
<b>Additions</b>			
Property and Other Local Taxes Collected for Distribution	\$ -	\$ 1,136,130	\$ 1,136,130
Earnings on Investments (trust funds only)	95	-	95
Other Amounts Collected for Distribution	-	114,281	114,281
<i>Total Additions</i>	<u>95</u>	<u>1,250,411</u>	<u>1,250,506</u>
<b>Deductions</b>			
Distributions as Fiscal Agent	-	33,466	33,466
Distributions to Other Governments	-	955,127	955,127
Distributions to Other Funds (Primary Gov't)	-	184,104	184,104
Other Distributions	-	84,209	84,209
<i>Total Deductions</i>	<u>-</u>	<u>1,256,906</u>	<u>1,256,906</u>
Net Change in Fund Balances	95	(6,495)	(6,400)
<i>Fund Cash Balances, January 1</i>	<u>16,809</u>	<u>375,363</u>	<u>392,172</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 16,904</u>	<u>\$ 368,868</u>	<u>\$ 385,772</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 YEAR ENDED DECEMBER 31, 2020**

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**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 additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

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

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

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020

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**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:

**Street Construction Maintenance and Repair** - The Street Construction Maintenance and Repair Fund accounts for and reports that a portion of the State gasoline tax and Motor Vehicle License Registration fees restricted for construction, maintenance and repair of street within the Village.

**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 purchasing homes and demolishing them because they are in the floodplain.

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

The Village's private purpose trust fund represents a scholarship (John Morgan Lucas/Virmorgan L. Ziegler Scholarship) which benefits a resident going to college.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial 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 (C). 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 (C) permit.

**Budgetary Process**

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

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

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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 2020 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.

Money market mutual funds are recorded at share values the mutual funds report.

The Village holds an issued promissory note as an investment in book-entry form.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ended December 31, 2020:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,292,110	\$ 4,539,680	\$ 247,570
Special Revenue	1,370,050	1,292,507	(77,543)
Capital Projects	150,000	150,000	-
Private Purpose Trust	82	95	13
Total	\$ 5,812,242	\$ 5,982,282	\$ 170,040

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,097,981	\$ 4,023,004	\$ 1,074,977
Special Revenue	1,395,466	1,043,465	352,001
Capital Projects	150,000	-	150,000
Total	\$ 6,643,447	\$ 5,066,469	\$ 1,576,978

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020**

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**Note 4 – Deposits and Investments**

The Village maintains a deposit 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:

	<u>2020</u>
Demand Deposits	\$ 9,069,244
Certificates of Deposit	<u>200,639</u>
Total Deposits	<u>9,269,883</u>
Investment in Issued Promissory Note	<u>400,000</u>
Total Investments	<u>400,000</u>
Total Deposits and Investments	<u>\$ 9,669,883</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2020, \$2,490,431 of deposits were not insured or collateralized due to the financial institution obtaining a reduced collateral through OPCS. At December 31, 2020, \$565,508 of deposits were uninsured and uncollateralized in violation of Ohio Revised Code Section 135.18(A).

***Investments***

The Village holds a promissory note issued to the Little Miami Joint Fire & Rescue District (the District) on November 20, 2019, for \$400,000, bearing an interest rate of 1.1%. The District will repay the note in quarterly installments beginning March 31, 2020 and ending December 31, 2024. The Village maintains an investment ledger.

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.75% 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.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020**

**Note 5 – Taxes (Continued)**

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

**Note 6 – Transfers**

During 2020, the following transfers were made from the General Fund to the Parks and Recreation, Major Repairs, and US 50/Culvert funds for operations and maintenance expenses of the parks, streets, and sewers.

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (210,000)
Parks and Recreation Fund	60,000	-
Major Repairs Fund	50,000	-
US 50/Culvert Fund	100,000	-
	\$ 210,000	\$ (210,000)

**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

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

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

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



VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020

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**Note 7 - Risk Management (Continued)**

***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 120 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, vision, 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***

45 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 10.0% of their gross salaries and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's 10 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 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2020. OP&F contributes 0.5% to fund these benefits.

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

**Note 10 – Leases**

The Village leases a postage machine, copier, and folding machine under noncancelable leases. The Village disbursed \$5,329 to pay lease costs for the year ended December 31, 2020.

**Amortization**

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

<u>Year Ended</u>	<u>Leases</u>
2021	\$ 5,570
Total	<u>\$ 5,570</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts 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:

Gross tax:  
(Less 1% Reserve fee for future maintenance, administration and expenses),  
(Less Service fee for actual and reasonable costs of the Village's administration, collection, enforcement, and disbursement),  
(Less 2% Escrow fee for the purposes of paying refunds and in general to balance accounts or pay expenses),  
Remainder: Net Distribution

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020**

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**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.

**Note 14 – Fund Balances**

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 91,343	\$ 22,405	\$ 113,748
<i>Total</i>	<u>\$ 91,343</u>	<u>\$ 22,405</u>	<u>\$ 113,748</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 15 – Change in Accounting Principles**

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

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020

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**Note 16 – COVID-19**

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

During 2020, the Village received CARES Act funding. These amounts are reflected as general government, security of persons and property, and transportation expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**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, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 176,261	\$ 6,878	\$ -	\$ 183,139
Municipal Income Tax	3,911,588	-	-	3,911,588
Intergovernmental	53,557	149,818	-	203,375
Payment in Lieu of Taxes	-	828,058	-	828,058
Charges for Services	22,282	-	-	22,282
Fines, Licenses and Permits	126,915	14,121	-	141,036
Earnings on Investments	80,769	-	-	80,769
Miscellaneous	203,156	-	-	203,156
<i>Total Cash Receipts</i>	<u>4,574,528</u>	<u>998,875</u>	<u>-</u>	<u>5,573,403</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,314,907	2,810	-	1,317,717
Public Health Services	4,109	-	-	4,109
Leisure Time Activities	67,396	-	-	67,396
Community Environment	21,322	-	-	21,322
Basic Utility Services	128,141	-	-	128,141
Transportation	1,001,607	66,673	-	1,068,280
General Government	1,420,595	5,674	-	1,426,269
TIF Compensation Payments	-	828,058	-	828,058
<i>Total Cash Disbursements</i>	<u>3,958,077</u>	<u>903,215</u>	<u>-</u>	<u>4,861,292</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>616,451</u>	<u>95,660</u>	<u>-</u>	<u>712,111</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Uses	(48,711)	-	-	(48,711)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(48,711)</u>	<u>-</u>	<u>-</u>	<u>(48,711)</u>
<i>Net Change in Fund Cash Balances</i>	567,740	95,660	-	663,400
<i>Fund Cash Balances, January 1</i>	<u>6,871,458</u>	<u>415,509</u>	<u>304,278</u>	<u>7,591,245</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	511,169	-	511,169
Committed	-	-	304,278	304,278
Assigned	823,877	-	-	823,877
Unassigned	6,615,321	-	-	6,615,321
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,439,198</u>	<u>\$ 511,169</u>	<u>\$ 304,278</u>	<u>\$ 8,254,645</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, 2019**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Earnings on Investments (trust funds only)	\$ -	\$ 277	\$ 277
<i>Total Operating Cash Receipts</i>	<u>-</u>	<u>277</u>	<u>277</u>
<b>Operating Cash Disbursements</b>			
Personal Services	25,847	-	25,847
Employee Fringe Benefits	3,928	-	3,928
Contractual Services	1,179,867	-	1,179,867
Supplies and Materials	6,555	-	6,555
Other	11,670	-	11,670
<i>Total Operating Cash Disbursements</i>	<u>1,227,867</u>	<u>-</u>	<u>1,227,867</u>
<i>Operating Income (Loss)</i>	<u>(1,227,867)</u>	<u>277</u>	<u>(1,227,590)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	1,244,207	-	1,244,207
Miscellaneous Receipts	34,333	-	34,333
Other Financing Sources	168,867	-	168,867
Other Financing Uses	(177,145)	(1,000)	(178,145)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,270,262</u>	<u>(1,000)</u>	<u>1,269,262</u>
<i>Net Change in Fund Cash Balances</i>	42,395	(723)	41,672
<i>Fund Cash Balances, January 1</i>	<u>332,968</u>	<u>17,532</u>	<u>350,500</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 375,363</u>	<u>\$ 16,809</u>	<u>\$ 392,172</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 YEAR ENDED DECEMBER 31, 2019**

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**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 6 and 11 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 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, 2019

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**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:

**Street Construction Maintenance and Repair** - The Street Construction Maintenance and Repair Fund accounts for and reports that a portion of the State gasoline tax and Motor Vehicle License Registration fees restricted for construction, maintenance and repair of street within the Village.

**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 purchasing homes and demolishing them because they are in the floodplain.

**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 fund represents a scholarship (John Morgan Lucas/Virmorgan L. Ziegler Scholarship) which benefits a resident going to college.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's 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 (C). 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 (C) 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 fund, function, or 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.



VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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 2019 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.

Money market mutual funds are recorded at share values the mutual funds report.

The Village holds an issued promissory note as an investment in book-entry form.

**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.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

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, 2019:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,197,577	\$ 4,574,528	\$ 376,951
Special Revenue	1,145,100	998,875	(146,225)
Capital Projects	50,000	-	(50,000)
Private Purpose Trust	75	277	202
Total	\$ 5,392,752	\$ 5,573,680	\$ 180,928

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,856,573	\$ 4,168,889	\$ 687,684
Special Revenue	1,157,462	903,831	253,631
Capital Projects	50,000	-	50,000
Private Purpose Trust	1,000	1,000	-
Total	\$ 6,065,035	\$ 5,073,720	\$ 991,315

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019**

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**Note 4 – Deposits and Investments**

The Village maintains a deposit 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:

	2019
Demand Deposits	\$ 7,796,296
Certificates of Deposit	450,521
Total Deposits	<u>8,246,817</u>
Investment in Issued Promissory Note	400,000
Total Investments	<u>400,000</u>
Total Deposits and Investments	<u>\$ 8,646,817</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2019, \$1,856,848 of deposits were not insured or collateralized due to the financial institution obtaining a reduced collateral rate through OPCS. At December 31, 2019, \$567,567 of deposits were uninsured and uncollateralized in violation of Ohio Revised Code Section 135.18(A).

***Investments***

The Village holds a promissory note issued to the Little Miami Joint Fire & Rescue District (the District) on November 20, 2019 for \$400,000, bearing an interest rate of 1.1%. The District will repay the note in quarterly installments beginning March 31, 2020 and ending December 31, 2024. The Village maintains an investment ledger.

**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.

***Income Taxes***

The Village levies a municipal income tax of 1.75% 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.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019

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**Note 5 – Taxes (Continued)**

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

**Note 6 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the PORM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$	15,920,504
Liabilities		<u>(11,329,011)</u>
Members' Equity	\$	<u>4,591,493</u>

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

***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.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019**

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**Note 6 - Risk Management (Continued)**

The Benefits Pool contracts with the Jefferson Health Plan, a risk-sharing, claims servicing and insurance purchasing pool, comprised of 112 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, vision, 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 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

45 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 10.0%, of their gross salaries and the Village contributed an amount equaling 14.0%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's 10 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 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2019. OP&F contributes 0.5% to fund these benefits.

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

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019**

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**Note 9 – Leases**

The Village leases a postage machine, copier, and folding machine under noncancelable leases. The Village disbursed \$6,039 to pay lease costs for the year ended December 31, 2019.

***Amortization***

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

<u>Year Ended</u>	<u>Leases</u>
2020	\$ 5,329
Total	<u>\$ 5,329</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – 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

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 12 – 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

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019

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of financing costs of the acquisition, construction, installation, equipping, improvement, and development of public infrastructure improvements in cooperation with the Village.

**Note 13 – Restatement of Beginning Fund Balance**

The Village made fund balance adjustments to correct a prior period conversion error while moving JED Zone financial activity from UAN to QuickBooks. The adjustment had the following effect on fund balance at January 1, 2019:

	<u>JED Zone</u>
Ending Fund Balance at December 31, 2018	\$ 320,153
Conversion Error	12,815
Restated Fund Balance January 1, 2019	<u>\$ 332,968</u>

**Note 14 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.



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Marietta, OH 45750  
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150 West Main St.  
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740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

July 29, 2022

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 for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the **Village of Fairfax**, Hamilton County, (the Village) and have issued our report thereon date July 29, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village and in 2020 the Village made a change to the reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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**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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-002.

**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 report is not suitable for any other purpose.



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

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Clerk-Treasurer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- In 2020 and 2019, the Village did not record the Mayor's Court Bond account activity to the accounting system.
- Tax Increment Financing revenue was improperly recorded as Other Financing Sources instead of Payments in Lieu of Taxes in 2020 and 2019.
- Tax Increment Financing expenditures were improperly recorded as Capital Outlay instead of TIF Compensation Payments in 2020 and 2019.
- In 2020 and 2019, the Village misclassified Permissive Motor Vehicle License Tax revenue as Property and Other Local Taxes instead of Intergovernmental. The financial statements were not adjusted for this reclassification.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications except as noted above.

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

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – Officials did not provide a response to this finding.

FINDING NUMBER 2020-002

**Noncompliance**

**Ohio Revised Code 733.40** requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-002 (Continued)

**Noncompliance (Continued)**

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

**Management's Response** – Officials did not provide a response to this finding.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Bank Reconciliations	Fully Corrected	N/A
2018-002	Posting Receipts, Disbursements and Classification of Fund Balances	Not Corrected	Repeated as finding 2020-001
2018-003	Budgetary Controls	Fully Corrected	N/A
2018-004	Payroll	Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF FAIRFAX**

**HAMILTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/27/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)