



Certified Public Accountants, A.C.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
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  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Members of 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, 2017 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**Finding for Recovery - Partially Repaid Under Audit**

**Ordinance No. 9-2017** creates the position of Temporary Assistant to the Clerk-Treasurer and Administrator at a rate of \$18 per hour. **Additionally, Ordinance No. 5-2016** states the hourly rate for the position of Assistant to the Clerk-Treasurer and Administrator is determined by the Clerk-Treasurer and the rate should be no less than \$18.00 per hour and no more than \$23.00 per hour.

**Ordinance No. 7-2016**, amended **Ordinance No. 5-2014** which created the position of Tax Administrator. Based on this amendment, the Tax Administrator shall receive pay at the rate of no less than \$15.00 per hour and not more than \$20.00 per hour. **Additionally, Ordinance 20-2017** also amended **Ordinance No. 5-2014** and states the Tax Administrator shall be paid at the rate of \$21.67 per hour after one year of service in that position as of the first pay period in January 2018 and the current Tax Administrator shall be paid \$21.67 per hour until the beginning of the first pay period in January 2018.

**Ordinance No. 36-2004** states all full-time employees shall receive fourteen sick leave days per calendar year. Seven days are designated "short term" sick days and seven days are designated "long term" sick days. The ordinance states "if an employee becomes full time during a calendar year, the employee shall receive a prorated number of sick days equal to the portion of the year in which he or she becomes full time."

**Employee Handbook Section 3.5 Overtime Pay** states non-exempt employees who perform overtime work will be paid one and half times their regular hourly rate for any time worked over 40 hours per week. In lieu of receiving overtime pay, the employee may elect to receive compensatory time to be used as leave at a later date.

**Employee Handbook Section 5.5 Personal Leave** states, in part, full-time employees are eligible for two paid personal days after completion of one year of continuous service.

### **Finding for Recovery - Partially Repaid Under Audit (continued)**

For the period of April 3, 2017 through September 21, 2018, we noted the following noncompliance issues with the above Village ordinances and policies:

- The Village hired Jeanetta Anderson on April 3, 2017 for the position of Temporary Assistant to the Clerk-Treasurer and Administrator and to be the successor to the Assistant Clerk-Treasurer and Administrator who was retiring on July 1, 2017. On June 28, 2017, Ms. Anderson, changed her pay rate in the Village's UAN system without prior approval by the Clerk-Treasurer. Ms. Anderson was paid the unauthorized pay rate for 160 hours resulting in Ms. Anderson being overpaid \$617.
- As a full-time employee, Ms. Anderson was entitled to 98 short term sick hours for the period based on her employment date. Ms. Anderson used and was paid for 126 short term sick hours resulting in her being overpaid \$514.
- In 2017 and 2018, Ms. Anderson was paid for 1.75 compensatory hours she did not earn resulting in Ms. Anderson being overpaid by \$31.
- Ms. Anderson used one day of personal leave on February 3, 2018 and one day of personal leave on March 3, 2018. Ms. Anderson had not completed her one year of continuous service with the Village and therefore was not eligible to receive personal leave and was paid for 16 hours of personal leave she was not eligible for, resulting in Ms. Anderson being overpaid by \$312.
- The Village hired Jane Fette on March 7, 2016 for the position of Tax Administrator. On April 6, 2017, Ms. Fette's pay rate was increased in the Village's UAN without prior approval by the Clerk-Treasurer. For the period of April 2, 2017 through March 31, 2018 Ms. Fette was paid the unauthorized pay rate for 1,203.2 hours resulting in Ms. Fette being overpaid by \$1,568.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Jeanetta Anderson, and her bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the amount of \$1,474, and in favor of the Village's General Fund; and against Jane Fette in the amount of \$1,568, and in favor of the Village's General Fund.

On July 22, 2020, the Village received a check from Jane Fette in the amount of \$1,568 and deposited it on July 23, 2020 resulting in the full repayment of the finding for recovery against Jane Fette.

Members of Council  
Village of Fairfax  
5903 Hawthorne Avenue  
Fairfax, OH 45227  
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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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 09, 2020 |

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VILLAGE OF FAIRFAX  
HAMILTON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

September 30, 2020

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, 2018 and 2017.

### ***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 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(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, 2018 and 2017, 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, 2018 and 2017, and receipts and disbursements by fund type, and related notes 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.

***Emphasis of Matter***

As discussed in Note 14 in 2018 and Note 15 in 2017 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, 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, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 183,211	\$ 6,413	\$ -	\$ 189,624
Municipal Income Tax	3,737,086	-	-	3,737,086
Intergovernmental	41,122	129,800	200,007	370,929
Payments in Lieu of Taxes	-	821,445	-	821,445
Charges for Services	21,603	-	-	21,603
Fines, Licenses and Permits	150,713	9,897	-	160,610
Earnings on Investments	42,742	114	-	42,856
Miscellaneous	192,713	-	-	192,713
<i>Total Cash Receipts</i>	<u>4,369,190</u>	<u>967,669</u>	<u>200,007</u>	<u>5,536,866</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,338,637	4,261	-	1,342,898
Public Health Services	3,827	-	-	3,827
Leisure Time Activities	66,174	-	-	66,174
Community Environment	63,628	-	-	63,628
Basic Utility Services	132,580	-	-	132,580
Transportation	611,931	68,051	-	679,982
General Government	1,157,739	4,992	-	1,162,731
TIF Compensation Payments	-	821,445	-	821,445
Capital Outlay	150	-	8,400	8,550
<i>Total Cash Disbursements</i>	<u>3,374,666</u>	<u>898,749</u>	<u>8,400</u>	<u>4,281,815</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>994,524</u>	<u>68,920</u>	<u>191,607</u>	<u>1,255,051</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	-	54,690	54,690
Transfers Out	(54,690)	-	-	(54,690)
Advances In	188,755	-	6,300	195,055
Advances Out	(6,300)	-	(188,755)	(195,055)
Other Financing Uses	(65,411)	-	-	(65,411)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>62,354</u>	<u>-</u>	<u>(127,765)</u>	<u>(65,411)</u>
<i>Net Change in Fund Cash Balances</i>	1,056,878	68,920	63,842	1,189,640
<i>Fund Cash Balances, January 1</i>	<u>5,814,580</u>	<u>346,589</u>	<u>240,436</u>	<u>6,401,605</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	415,509	-	415,509
Committed	677	-	304,278	304,955
Assigned	36,408	-	-	36,408
Unassigned	6,834,373	-	-	6,834,373
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,871,458</u>	<u>\$ 415,509</u>	<u>\$ 304,278</u>	<u>\$ 7,591,245</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, 2018**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Earnings on Investments (trust funds only)	-	107	107
<i>Total Operating Cash Receipts</i>	-	107	107
<b>Operating Cash Disbursements</b>			
Personal Services	14,597	-	14,597
Employee Fringe Benefits	2,297	-	2,297
Contractual Services	1,054,564	-	1,054,564
Supplies and Materials	1,028	-	1,028
Other	4,932	-	4,932
<i>Total Operating Cash Disbursements</i>	1,077,418	-	1,077,418
<i>Operating Income (Loss)</i>	(1,077,418)	107	(1,077,311)
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	1,113,954	-	1,113,954
Miscellaneous Receipts	29,474	-	29,474
Other Financing Sources	109,995	-	109,995
Other Financing Uses	(100,129)	-	(100,129)
<i>Total Non-Operating Receipts (Disbursements)</i>	1,153,294	-	1,153,294
<i>Net Change in Fund Cash Balances</i>	75,876	107	75,983
<i>Fund Cash Balances, January 1</i>	244,277	17,425	261,702
<i>Fund Cash Balances, December 31</i>	<u>\$ 320,153</u>	<u>\$ 17,532</u>	<u>\$ 337,685</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, 2018**

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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 8 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, 2018  
(Continued)

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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 funds represent 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 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 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, 2018  
(Continued)

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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 2018 budgetary activity appears in Note 4.

**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.

**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, 2018  
(Continued)**

**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 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enforcement and Education Fund by \$1,500 for the year ended December 31, 2018.

**Note 4 - Budgetary Activity**

Budgetary activity for the years ended December 31, 2018:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,979,212	\$ 4,369,190	\$ 389,978
Special Revenue	993,250	967,669	(25,581)
Capital Projects	456,349	254,697	(201,652)
Private Purpose Trust	50	107	57
Total	\$ 5,428,861	\$ 5,591,663	\$ 162,802

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,894,139	\$ 3,575,066	\$ 319,073
Special Revenue	931,567	899,351	32,216
Capital Projects	237,150	8,400	228,750
Private Purpose Trust	1,000	-	1,000
Total	\$ 5,063,856	\$ 4,482,817	\$ 581,039



VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018  
(Continued)

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**Note 5 – 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:

	<u>2018</u>
Demand Deposits	\$ 449,581
Certificate of deposit	7,479,349
Total Deposits	<u>\$ 7,928,930</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.

**Note 6 – 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.

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 7 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2017, have been repaid.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018  
(Continued)

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**Note 8 - Risk Management**

The Government 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. 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. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</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.

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.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018  
(Continued)

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**Note 9 - 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%, 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, 2018.

***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, 2018.

**Note 10 – Leases**

The Village leases two vehicles and 3 copiers under noncancelable leases. The Village disbursed \$4,962 to pay lease costs for the year ended December 31, 2018.

***Amortization***

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

Year Ended	Leases
2019	\$ 3,528
Total	\$ 3,528

**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.

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018  
(Continued)**

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**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

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 – 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.

**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, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 162,199	\$ 6,468	\$ -	\$ 168,667
Municipal Income Tax	3,539,193	-	-	3,539,193
Intergovernmental	34,179	123,085	950	158,214
Payments in Lieu of Taxes	-	938,272	-	938,272
Charges for Services	20,429	-	-	20,429
Fines, Licenses and Permits	128,937	26,288	-	155,225
Earnings on Investments	19,042	30	-	19,072
Miscellaneous	163,153	-	-	163,153
<i>Total Cash Receipts</i>	<u>4,067,132</u>	<u>1,094,143</u>	<u>950</u>	<u>5,162,225</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,170,962	2,247	-	1,173,209
Public Health Services	3,960	-	-	3,960
Leisure Time Activities	59,516	-	-	59,516
Community Environment	56,529	-	-	56,529
Basic Utility Services	120,622	-	-	120,622
Transportation	439,880	62,977	-	502,857
General Government	1,192,672	3,702	-	1,196,374
TIF Compensation Payments	-	937,165	-	937,165
Capital Outlay	-	-	130,099	130,099
<i>Total Cash Disbursements</i>	<u>3,044,141</u>	<u>1,006,091</u>	<u>130,099</u>	<u>4,180,331</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,022,991</u>	<u>88,052</u>	<u>(129,149)</u>	<u>981,894</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	500	80,690	81,190
Transfers Out	(81,190)	-	-	(81,190)
Advances In	-	-	94,919	94,919
Advances Out	(94,919)	-	-	(94,919)
Other Financing Uses	(160)	-	-	(160)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(176,269)</u>	<u>500</u>	<u>175,609</u>	<u>(160)</u>
Special Item	126,948	-	-	126,948
<i>Net Change in Fund Cash Balances</i>	973,670	88,552	46,460	1,108,682
<i>Fund Cash Balances, January 1 (Restated, See Note 14)</i>	<u>4,840,910</u>	<u>258,037</u>	<u>193,976</u>	<u>5,292,923</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	346,589	-	346,589
Committed	816	-	243,976	244,792
Unassigned (Deficit)	5,813,764	-	(3,540)	5,810,224
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,814,580</u>	<u>\$ 346,589</u>	<u>\$ 240,436</u>	<u>\$ 6,401,605</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, 2017**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Earnings on Investments (trust funds only)	-	111	111
<i>Total Operating Cash Receipts</i>	-	111	111
<b>Operating Cash Disbursements</b>			
Personal Services	25,968	-	25,968
Employee Fringe Benefits	3,929	-	3,929
Contractual Services	1,035,928	-	1,035,928
Supplies and Materials	5,353	-	5,353
Other	49,253	-	49,253
<i>Total Operating Cash Disbursements</i>	1,120,431	-	1,120,431
<i>Operating Income (Loss)</i>	(1,120,431)	111	(1,120,320)
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	1,045,039	-	1,045,039
Earnings on Investments	850	-	850
Miscellaneous Receipts	31,075	-	31,075
Other Financing Sources	102,179	-	102,179
Other Financing Uses	(102,690)	(1,000)	(103,690)
<i>Total Non-Operating Receipts (Disbursements)</i>	1,076,453	(1,000)	1,075,453
<i>Net Change in Fund Cash Balances</i>	(43,978)	(889)	(44,867)
<i>Fund Cash Balances, January 1 (Restated, See Note 14)</i>	288,255	18,314	306,569
<i>Fund Cash Balances, December 31</i>	<u>\$ 244,277</u>	<u>\$ 17,425</u>	<u>\$ 261,702</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, 2017**

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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 8 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, 2017  
(Continued)

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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 funds represent 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 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 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, 2017  
(Continued)

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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 2017 budgetary activity appears in Note 4.

**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.

**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, 2017  
(Continued)**

**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 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enforcement and Education, Tax Increment Financing, and JED Zone funds by \$100, \$87,165, and \$188,844 for the year ended December 31, 2017. Also contrary to Ohio law, at December 31, 2017, the Little Duck Creek 2014 PDM Grant fund had a cash deficit balance of \$3,540.

**Note 4 - Budgetary Activity**

Budgetary activity for the years ended December 31, 2017:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,727,161	\$ 4,067,132	\$ (660,029)
Special Revenue	987,030	1,094,643	107,613
Capital Projects	1,090,083	81,640	(1,008,443)
Private Purpose Trust	50	111	61
Total	\$ 6,804,324	\$ 5,243,526	\$ (1,560,798)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,130,958	\$ 3,164,147	\$ 966,811
Special Revenue	949,777	1,007,008	(57,231)
Capital Projects	1,018,393	130,099	888,294
Private Purpose Trust	1,000	1,000	-
Total	\$ 6,100,128	\$ 4,302,254	\$ 1,797,874

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

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**Note 5 – 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:

	<u>2017</u>
Demand Deposits	\$ 673,182
Certificate of deposit	5,990,125
Total Deposits	<u>\$ 6,663,307</u>

***Deposits***

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

**Note 6 – 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.

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 7 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2017, consisted of \$182,455 advanced to the Little Duck Creek 2014 PDM Grant fund to provide working capital for operations or projects.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

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**Note 8 - 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*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, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</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, 2017  
(Continued)

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**Note 8 - Risk Management (Continued)**

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 9 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

33 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, 2017.

***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, 2017.

**Note 10 – 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, 2017.

***Amortization***

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

Year Ended	Leases
2018	\$ 4,962
2019	3,528
Total	<u>\$ 8,490</u>

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

**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:

- 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 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 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2017 fund balances:

	General Fund	Special Revenue Funds	Agency Funds
December 31, 2016 audited balances	\$ 4,885,298	\$ 258,537	\$ 242,635
Adjustment to correct 2016 fund balance items identified during 2017 Proof of Cash	(44,388)	(500)	45,620
January 1, 2017 balances	<u>\$ 4,840,910</u>	<u>\$ 258,037</u>	<u>\$ 288,255</u>

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

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**Note 15 – 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 Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
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**

September 30, 2020

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 of the **Village of Fairfax**, Hamilton County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 30, 2020, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

**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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weakness. We consider findings 2018-001 to 2018-004 to be material weaknesses.

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 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as item 2018-003.

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

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2018-001**

**Material Weakness**

**Bank Reconciliations**

A necessary step in the internal control over financial reporting is to perform bank to book cash reconciliations. Performing these reconciliations means accounting for the differences between the balance on the bank statements and the cash balances according to the Village's records at a specific point in time.

During 2018 and 2017, the Village did not fully reconcile the balance of the bank to the balance of the cash in the accounting records, resulting in unreconciled differences in 2018 and 2017. Primary causes of the unreconciled difference were revenue received from various sources and erroneous adjustments made to the accounting system. These items were corrected in the accompanying financial statements and adjustments were recorded in the Village's accounting system.

Without complete and accurate monthly bank reconciliations, the Village's internal control is significantly weakened which could hinder the timely detection of errors or irregularities by the Village's management. The Village should prepare accurate monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved and appropriately documented as quickly as possible so they are not carried forward from month to month.

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

**FINDING NUMBER 2018-002**

**Material Weakness**

**Posting Receipts, Disbursements and Classification of 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 2018 and 2017, 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 2018 and 2017.
- The Lucas/Ziegler Scholarship Fund was recorded as an Agency Fund instead of a Private Purpose Trust Fund in 2018 and 2017.
- General Fund outstanding encumbrances and budget carryover were classified as Unassigned instead of Assigned in 2018.
- In 2018 and 2017, the Village did not record its Mayor's Court account activity to the accounting system.
- A proof of cash was performed, various receipts were received by the Village but not recorded in the accounting system in 2018 and 2017.
- A proof of cash was performed, various expenditures were disbursed by the Village but not recorded in the accounting system in 2018 and 2017.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-002 (Continued)

- Permissive Motor Vehicle License Tax was improperly recorded in the Street Construction Maintenance and Repair Fund in 2017.
- Motor Vehicle registration revenue was recorded in the General Fund instead of the Street Construction Maintenance and Repair Fund in 2017.
- The Village recorded duplicate receipts in the JED Zone Fund in 2017.
- Permissive Motor Vehicle License Tax revenue was posted to the Street Construction Maintenance and Repair Fund in 2018 and 2017.
- Tax Increment Financing revenue was improperly recorded as Other Financing Sources instead of Payments in Lieu of Taxes in 2018 and 2017.
- Tax Increment Financing expenditures were improperly recorded as Capital Outlay instead of TIF Compensation Payments in 2018 and 2017.
- Federal tax reimbursement for overpayment was recorded as Miscellaneous revenue.
- Receipt for an overpayment was recorded as Miscellaneous revenue instead of a reduction in expenditure in 2018.
- Capital Projects Fund overpaid outstanding advances to the General Fund in 2018.

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. The Village has posted all adjustments to its accounting system.

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.

FINDING NUMBER 2018-003

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-003 (Continued)

**Material Weakness/Noncompliance (Continued)**

**Budgetary Controls(Continued)**

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.
- Violation of 5705.10 stating no fund shall have a negative fund balance during the year or at year end.

In addition, The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system. Adjustments were made to Note 4 of the Financial Statements to properly reflect budgetary activity.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. If the Board does not consider this necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Clerk-Treasurer prior to purchasing and unencumbered balances are tracked for each line item.

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

**FINDING NUMBER 2018-004**

**Material Weakness**

**Payroll**

**Ordinance No. 9-2017** creates the position of Temporary Assistant to the Clerk-Treasurer and Administrator at a rate of \$18 per hour. **Additionally, Ordinance No. 5-2016** states the hourly rate for the position of Assistant to the Clerk-Treasurer and Administrator is determined by the Clerk-Treasurer and the rate should be no less than \$18.00 per hour and no more than \$23.00 per hour.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004 (Continued)

Material Weakness (Continued)

Payroll (Continued)

**Ordinance No. 7-2016**, amended **Ordinance No. 5-2014** which created the position of Tax Administrator. Based on this amendment, the Tax Administrator shall receive pay at the rate of no less than \$15.00 per hour and not more than \$20.00 per hour. **Additionally, Ordinance 20-2017** also amended **Ordinance No. 5-2014** and states the Tax Administrator shall be paid at the rate of \$21.67 per hour after one year of service in that position as of the first pay period in January 2018 and the current Tax Administrator shall be paid \$21.67 per hour until the beginning of the first pay period in January 2018.

**Ordinance No. 36-2004** states all full-time employees shall receive fourteen sick leave days per calendar year. Seven days are designated "short term" sick days and seven days are designated "long term" sick days. The ordinance states "if an employee becomes full time during a calendar year, the employee shall receive a prorated number of sick days equal to the portion of the year in which he or she becomes full time."

**Employee Handbook Section 3.5 Overtime Pay** states non-exempt employees who perform overtime work will be paid one and half times their regular hourly rate for any time worked over 40 hours per week. In lieu of receiving overtime pay, the employee may elect to receive compensatory time to be used as leave at a later date.

**Employee Handbook Section 5.5 Personal Leave** states, in part, full-time employees are eligible for two paid personal days after completion of one year of continuous service.

For the period of April 3, 2017 through September 21, 2018, we noted the following noncompliance issues with the above Village ordinances and policies:

- The Village hired Jeanetta Anderson on April 3, 2017 for the position of Temporary Assistant to the Clerk-Treasurer and Administrator and to be the successor to the Assistant Clerk-Treasurer and Administrator who was retiring on July 1, 2017. On June 28, 2017, Ms. Anderson, changed her pay rate in the Village's UAN system from \$18.00 per hour to \$21.86 per hour without prior approval by the Clerk-Treasurer. Ms. Anderson was paid the unauthorized pay rate for 160 hours resulting in Ms. Anderson being overpaid \$617.
- As a full-time employee, Ms. Anderson was entitled to 98 short term sick hours for the period based on her employment date. Ms. Anderson used and was paid for 126 short term sick hours resulting in her being overpaid \$514.
- In 2017 and 2018, Ms. Anderson earned 19.125 compensatory hours, but used and was paid for 20.87 compensatory hours. Therefore, Ms. Anderson was paid for 1.75 compensatory hours she did not earn resulting in Ms. Anderson being overpaid by \$31.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004 (Continued)

**Material Weakness (Continued)**

**Payroll (Continued)**

- As a full-time employee, Ms. Anderson was eligible to receive two paid personal days on April 3, 2018; however, Ms. Anderson used one day of personal leave on February 3, 2018 and one day of personal leave on March 3, 2018. Ms. Anderson had not completed her one year of continuous service with the Village and therefore was not eligible to receive personal leave and therefore was paid for 16 hours of personal leave she was not eligible for, resulting in Ms. Anderson being overpaid by \$312.
- The Village hired Jane Fette on March 7, 2016 for the position of Tax Administrator. The Village Clerk-Treasurer, authorized Ms. Fette's rate of pay to be \$20 per hour beginning April 2, 2017. On April 6, 2017, Ms. Fette's pay rate was increased in the Village's UAN system from \$20.00 per hour to \$21.86 per hour without prior approval by the Clerk-Treasurer. For the period of April 2, 2017 through March 31, 2018 Ms. Fette was paid the unauthorized pay rate for 1,203.2 hours resulting in Ms. Fette being overpaid by \$1,568.

On July 22, 2020, the Village received a check from Jane Fette in the amount of \$1,568 and deposited it on July 23, 2020 resulting in the full repayment from Jane Fette.

Due to the overpayment to the tax administrator, the Village was reimbursed more from the Columbia Township JEDZ than was allowable. We recommend the overpayment of \$1,568 be paid back to the JEDZ.

We recommend the Village review the pay rates of the employees to ensure they are being paid at the proper rate and in compliance with Village ordinances. In addition, we recommend the Village review employees leave accrual, use of leave and leave balances to ensure they are in compliance with Village ordinances and policies.

**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, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts and Disbursements	Not Corrected	Repeated as Finding 2018-001



# 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 12/22/2020**

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)