



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**VILLAGE OF FAIRFAX  
HAMILTON COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



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, 2021 through December 31, 2022. 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

November 29, 2023

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VILLAGE OF FAIRFAX  
HAMILTON COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Fairfax, Hamilton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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

September 28, 2023

**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, 2022**

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 192,141	\$ 5,056	\$ -	\$ 197,197
Municipal Income Tax	4,578,499	-	-	4,578,499
Intergovernmental	61,476	361,333	-	422,809
Payment in Lieu of Taxes	-	1,008,028	-	1,008,028
Charges for Services	12,259	-	-	12,259
Fines, Licenses and Permits	79,628	-	-	79,628
Earnings on Investments	967	8,237	-	9,204
Miscellaneous	206,522	-	-	206,522
<i>Total Cash Receipts</i>	<u>5,131,492</u>	<u>1,382,654</u>	<u>-</u>	<u>6,514,146</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,257,506	-	-	1,257,506
Public Health Services	4,333	1,500	-	5,833
Leisure Time Activities	442,018	-	-	442,018
Community Environment	26,809	-	-	26,809
Basic Utility Services	140,930	-	-	140,930
Transportation	610,187	74,740	-	684,927
General Government	1,442,938	197,705	-	1,640,643
TIF Compensation Payments	-	1,008,028	-	1,008,028
Intergovernmental	-	-	-	-
<i>Total Cash Disbursements</i>	<u>3,924,721</u>	<u>1,281,973</u>	<u>-</u>	<u>5,206,694</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,206,771</u>	<u>100,681</u>	<u>-</u>	<u>1,307,452</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	-	150,000	150,000
Transfers Out	(150,000)	-	-	(150,000)
Other Financing Uses	(115,775)	-	-	(115,775)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(265,775)</u>	<u>-</u>	<u>150,000</u>	<u>(115,775)</u>
<i>Net Change in Fund Cash Balances</i>	940,996	100,681	150,000	1,191,677
<i>Fund Cash Balances, January 1 (Restated, see note 16)</i>	<u>9,352,056</u>	<u>868,388</u>	<u>604,278</u>	<u>10,824,722</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 10,293,052</u>	<u>\$ 969,069</u>	<u>\$ 754,278</u>	<u>\$ 12,016,399</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, 2022**

	Fiduciary Fund Types		
		Custodial	
	Private Purpose Trust	Other Custodial	Combined Total
<b>Additions</b>			
Property and Other Local Taxes Collected for Distribution	\$ -	\$ 1,663,267	\$ 1,663,267
Earnings on Investments (trust funds only)	3	-	3
Other Amounts Collected for Distribution	-	95,774	95,774
<i>Total Additions</i>	<u>3</u>	<u>1,759,041</u>	<u>1,759,044</u>
<b>Deductions</b>			
Distributions as Fiscal Agent	-	717	717
Distributions to Other Governments	-	1,407,039	1,407,039
Distributions to Other Funds (Primary Gov't)	-	291,073	291,073
<i>Total Deductions</i>	<u>-</u>	<u>1,698,829</u>	<u>1,698,829</u>
Net Change in Fund Balances	3	60,212	60,215
<i>Fund Cash Balances, January 1</i>	<u>16,907</u>	<u>488,184</u>	<u>505,091</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 16,910</u>	<u>\$ 548,396</u>	<u>\$ 565,306</u>

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

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Fairfax (the Village), Hamilton County, 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 Venture and Public Entity Risk Pools***

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 provide additional information for these entities.

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) all fiduciary fund types which are all 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, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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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 portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***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.

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**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.

**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 2022 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.

**Leases**

The Village is the lessee in various leases (as defined by GASB 87) related to various office equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

**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.

**Village of Fairfax, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,423,211	\$ 5,131,492	\$ 708,281
Special Revenue	1,278,828	1,382,654	103,826
Capital Projects	150,000	150,000	-
Private Purpose Trust	25	3	(22)
<b>Total</b>	<b>\$ 5,852,064</b>	<b>\$ 6,664,149</b>	<b>\$ 812,085</b>

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity (Continued)**

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,768,839	\$ 4,268,900	\$ 1,499,939
Special Revenue	1,415,216	1,282,702	132,514
Capital Projects	150,000	-	150,000
Private Purpose Trust	1,000	-	1,000
Total	<u>\$ 7,335,055</u>	<u>\$ 5,551,602</u>	<u>\$ 1,783,453</u>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2022 \$ 12,061,187
Certificates of deposit	198,769
Total deposits	12,259,956
Investment in Issued Promissory Note	321,750
Total investments	321,750
Total deposits and investments	\$ 12,581,706

**Deposits**

Deposits are insured by the Federal Deposit 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, 2022, \$4,248,258 of deposits were not insured or collateralized due to the financial institution obtaining a reduced collateral through OPCS. At December 31, 2022, \$934,484 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%. In April 2020, Village Council passed Ordinance 15-2020, postponing repayment of the note by one year. The District will repay the note in quarterly installments beginning March 31, 2021 and ending December 31, 2025. The Village maintains an investment ledger.



**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 6 – Transfers**

During 2022, the following transfers were made from the General Fund to the Major Repairs and US 50/Culvert funds for operations and maintenance of the parks, streets, and sewers.

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (150,000)
Major Repairs Fund	50,000	-
US 50/Culvert Fund	100,000	-
	\$ 150,000	\$ (150,000)

**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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</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 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***

Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

**Village of Fairfax, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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**Note 8 – Defined Benefit Pension Plans (Continued)**

***Social Security***

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**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 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 10 – Leases**

The Village leases copiers and a folding machine under noncancelable leases. The Village disbursed \$4,961 to pay lease costs for the year ended December 31, 2022.

***Amortization***

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

Year Ending December 31:	Leases
2023	\$ 4,961
2024	\$ 4,961
2025	\$ 4,961
Total	<u>\$ 14,883</u>

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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

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.

**Village of Fairfax, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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**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:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 78,404	\$ 729	\$ 79,133
<i>Total</i>	\$ 78,404	\$ 729	\$ 79,133

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 – 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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, 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.

**Note 16 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2022 fund balances:

December 31, 2021 audited balances	General Fund \$ 9,351,807
Adjustment to account for canceled checks	249
January 1, 2022 balances	\$ 9,352,056

The Village canceled checks that were outstanding and reissued new checks.

**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, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 180,728	\$ 6,910	\$ -	\$ 187,638
Municipal Income Tax	4,289,468	-	-	4,289,468
Intergovernmental	57,883	210,250	-	268,133
Payment in Lieu of Taxes	-	735,121	-	735,121
Charges for Services	4,460	-	-	4,460
Fines, Licenses and Permits	81,198	-	-	81,198
Earnings on Investments	5,314	9,323	-	14,637
Miscellaneous	165,451	-	-	165,451
<i>Total Cash Receipts</i>	<u>4,784,502</u>	<u>961,604</u>	<u>-</u>	<u>5,746,106</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,218,795	-	-	1,218,795
Public Health Services	4,431	8,277	-	12,708
Leisure Time Activities	92,211	-	-	92,211
Community Environment	26,571	-	-	26,571
Basic Utility Services	137,454	-	-	137,454
Transportation	411,460	-	-	411,460
General Government	1,351,254	69,859	-	1,421,113
TIF Compensation Payments	-	735,121	-	735,121
Intergovernmental	-	62,575	-	62,575
<i>Total Cash Disbursements</i>	<u>3,242,176</u>	<u>875,832</u>	<u>-</u>	<u>4,118,008</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,542,326</u>	<u>85,772</u>	<u>-</u>	<u>1,628,098</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	-	150,000	150,000
Transfers Out	(150,000)	-	-	(150,000)
Other Financing Uses	(90,150)	-	-	(90,150)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(240,150)</u>	<u>-</u>	<u>150,000</u>	<u>(90,150)</u>
<i>Net Change in Fund Cash Balances</i>	1,302,176	85,772	150,000	1,537,948
<i>Fund Cash Balances, January 1 (Restated, see note 16)</i>	<u>8,049,631</u>	<u>782,616</u>	<u>454,278</u>	<u>9,286,525</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 9,351,807</u>	<u>\$ 868,388</u>	<u>\$ 604,278</u>	<u>\$ 10,824,473</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, 2021**

	Fiduciary Fund Types		Totals
	Custodial		(Memorandum Only)
	Private Purpose Trust	Other Custodial	
<b>Additions</b>			
Property and Other Local Taxes Collected for Distribution	\$ -	\$ 1,419,709	\$ 1,419,709
Earnings on Investments (trust funds only)	3	-	3
Other Amounts Collected for Distribution	-	147,783	147,783
<i>Total Additions</i>	<u>3</u>	<u>1,567,492</u>	<u>1,567,495</u>
<b>Deductions</b>			
Distributions as Fiscal Agent	-	40,060	40,060
Distributions to Other Governments	-	1,147,801	1,147,801
Distributions to Other Funds (Primary Gov't)	-	158,071	158,071
Other Distributions	-	102,244	102,244
<i>Total Deductions</i>	<u>-</u>	<u>1,448,176</u>	<u>1,448,176</u>
Net Change in Fund Balances	3	119,316	119,319
<i>Fund Cash Balances, January 1</i>	<u>16,904</u>	<u>368,868</u>	<u>385,772</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 16,907</u>	<u>\$ 488,184</u>	<u>\$ 505,091</u>

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

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Fairfax (the Village), Hamilton County, 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 Venture and Public Entity Risk Pools***

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 provide additional information for these entities.

**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) all fiduciary fund types which are all 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, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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 portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

**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.

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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.

**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 2021 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.

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,961,363	\$ 4,784,502	\$ 823,139
Special Revenue	1,229,897	961,604	(268,293)
Capital Projects	150,000	150,000	-
Private Purpose Trust	82	3	(79)
Total	\$ 5,341,342	\$ 5,896,109	\$ 554,767

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,912,043	\$ 3,853,920	\$ 1,058,123
Special Revenue	1,414,403	906,763	507,640
Capital Projects	150,000	-	150,000
Private Purpose Trust	-	-	-
Total	\$ 6,476,446	\$ 4,760,683	\$ 1,715,763

**Village of Fairfax, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2021
Demand deposits	\$ 10,808,073
Certificates of deposit	199,740
Total deposits	11,007,813
Investment in Issued Promissory Note	321,750
Total investments	321,750
Total deposits and investments	\$ 11,329,563

***Deposits***

Deposits are insured by the Federal Deposit 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, 2021, \$2,785,955 of deposits were not insured or collateralized due to the financial institution obtaining a reduced collateral through OPCS. At December 31, 2021, \$999,579 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%. In April 2020, Village Council passed Ordinance 15-2020, postponing repayment of the note by one year. The District will repay the note in quarterly installments beginning March 31, 2021 and ending December 31, 2025. 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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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 – Transfers**

During 2021, the following transfers were made from the General Fund to the Major Repairs and US 50/Culvert funds for operations and maintenance of the parks, streets, and sewers.

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (150,000)
Major Repairs Fund	50,000	-
US 50/Culvert Fund	100,000	-
	\$ 150,000	\$ (150,000)

**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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	(15,037,383)
Members' Equity	\$ 6,740,056

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, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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***

Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

**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 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**Village of Fairfax, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Postemployment Benefits (Continued)**

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. During 2021 the postage machine lease ended. The Village disbursed \$5,778 to pay lease costs for the year ended December 31, 2021.

**Amortization**

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

Year Ending December 31:	Leases
2022	\$ 4,961
2023	4,961
2024	4,961
2025	4,961
Total	<u>\$ 19,844</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, Ohio**  
*Hamilton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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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:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 371,594	\$ 30,931	\$ 402,525
<i>Total</i>	<u>\$ 371,594</u>	<u>\$ 30,931</u>	<u>\$ 402,525</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 – 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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, 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, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 16 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2021 fund balances:

December 31, 2020 audited balances	<u>General Fund</u> \$ 8,047,217
Adjustment to account for canceled checks	2,414
January 1, 2021 balances	<u>\$ 8,049,631</u>

The Village canceled checks that were outstanding and reissued new checks.

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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Fairfax, Hamilton County, (the Village) and have issued our report thereon dated September 28, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2022-002.

***Village's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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

September 28, 2023

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**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 2021 and 2022, the Village did not record the Mayor's Court activity to the accounting system.
- In 2022, the Village did not record the JEDZ Fund activity to the financial statements.
- Tax Increment Financing revenue was improperly recorded as Other Financing Sources instead of Payments in Lieu of Taxes in 2021 and 2022.
- Tax Increment Financing expenditures were improperly recorded as Capital Outlay instead of TIF Compensation Payments in 2021 and 2022.
- In 2021, the prior audit adjustments from the 2017-2018 audit were reversed causing beginning fund balance variances.
- In 2022, the JEDZ Fund a
- In 2021 and 2022, 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** – The Village will address moving forward.

FINDING NUMBER 2022-002

**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.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002 (Continued)

**Noncompliance (Continued)**

**Ohio Rev. Code Sections 2743.70 and 2949.091** require the Court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund and the State's General Fund, respectively. All such moneys collected during a month under Ohio Rev. Code Section 2743.70 shall be transmitted on the first business day of each month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund. All such moneys collected during a month under Ohio Rev. Code Section 2949.091 shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer into the General Fund.

During the audit period, the Village Mayor's Court collected, but failed to remit payments to the Village's General Fund and the State in a timely manner. The Village Mayor's Court should remit moneys owed to the State and Village in a timely manner.

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

**Management's Response** – The Village will address moving forward.

VILLAGE OF FAIRFAX  
HAMILTON COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Mayor's Court Remittances	Not Corrected	Repeated as Finding 2022-002

# 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 12/12/2023**

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)