

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

AUDIT REPORT

JANUARY 1, 2018 – DECEMBER 31, 2018

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Fairview
290 Fair Avenue
Quaker City, Ohio 43773

We have reviewed the *Independent Auditor's Report* of the Village of Fairview, Guernsey County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 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.

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 Fairview is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 14, 2019

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**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Fairview
Guernsey County
290 Fair Avenue
Quaker City, Ohio 43773

To the Village Council:

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, major funds and aggregate remaining fund information of Village of Fairview, Guernsey County as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprised the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Fairview, Guernsey County, as of December 31, 2018, and the respective changes in cash financial positions and the respective budgetary comparisons for the General Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. 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 a report dated July 21, 2019, on our consideration of Village of Fairview'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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 21, 2019

Village of Fairview
Guernsey County

Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 94,278	\$ 2,076	\$ 96,354
Total Assets	\$ 94,278	\$ 2,076	\$ 96,354
NET POSITION:			
Restricted for:			
Permanent Fund Purpose:			
Nonexpendable	10,000	-	10,000
Expendable	6,787	-	6,787
Other Purposes	14,878	-	14,878
Unrestricted	62,613	2,076	64,689
Total Net Assets	\$ 94,278	\$ 2,076	\$ 96,354

See notes to basic financial statements.

Village of Fairview
Guernsey County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Governmental Activities:							
Current:							
Security of Persons and Property	\$ 3,926	\$ -	\$ -	\$ -	\$ (3,926)	\$ -	\$ (3,926)
Public Health Services	16,229	600	-	-	(15,629)	-	(15,629)
Transportation	2,678	-	3,732	-	1,054	-	1,054
General Government	18,167	15	-	-	(18,152)	-	(18,152)
<i>Total Governmental Activities</i>	41,000	615	3,732	-	(36,653)	-	(36,653)
Business Type Activities							
Sewer Operating	2,684	4,025	-	-	-	1,341	1,341
Sewer Improvement	517,710	-	220,931	-	-	(296,779)	(296,779)
<i>Total Business Type Activities</i>	520,394	4,025	220,931	-	-	(295,438)	(295,438)
<i>Total Primary Government</i>	<u>\$ 561,394</u>	<u>\$ 4,640</u>	<u>\$ 224,663</u>	<u>\$ -</u>	<u>(36,653)</u>	<u>(295,438)</u>	<u>(332,091)</u>
General Receipts:							
Property Taxes					4,603	-	4,603
Grants and Entitlements not Restricted to Specific Programs					7,903	-	7,903
Loan Proceeds					-	139,596	139,596
Transfers In					-	17,587	17,587
Transfers Out					(17,587)	-	(17,587)
Miscellaneous					22,667	139,596	162,263
Total General Receipts					<u>17,586</u>	<u>296,779</u>	<u>314,365</u>
Change in Net Position					(19,067)	1,341	(17,726)
<i>Net Position Beginning of Year</i>					<u>113,345</u>	<u>735</u>	<u>114,080</u>
<i>Net Position End of Year</i>					<u>\$ 94,278</u>	<u>\$ 2,076</u>	<u>\$ 96,354</u>

See notes to the basic financial statements.

Village of Fairview
Guernsey County

Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Permanent</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 62,613	\$ 16,787	\$ 14,878	\$ 94,278
<i>Total Assets</i>	<u>\$ 62,613</u>	<u>\$ 16,787</u>	<u>\$ 14,878</u>	<u>\$ 94,278</u>
Fund Cash Balances:				
Nondisposable	\$ -	\$ 10,000	\$ -	\$ 10,000
Restricted	-	6,787	14,878	21,665
Assigned	1,586	-	-	1,586
Unassigned	<u>61,027</u>	<u>-</u>	<u>-</u>	<u>61,027</u>
<i>Total Fund Cash Balances</i>	<u>\$ 62,613</u>	<u>\$ 16,787</u>	<u>\$ 14,878</u>	<u>\$ 94,278</u>

See notes to basic financial statements.

Village of Fairview
Guernsey County

Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis
Governmental Funds
For The Year Ended December 31, 2018

	<u>General</u>	<u>Permanent</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts				
Property Taxes	\$ 4,603	\$ -	\$ -	\$ 4,603
Intergovernmental	7,901	-	3,734	11,635
Charges for Services	-	200	400	600
Fines, Licenses and Permits	-	-	15	15
Miscellaneous	22,667	-	-	22,667
<i>Total Receipts</i>	<u>35,171</u>	<u>200</u>	<u>4,149</u>	<u>39,520</u>
Disbursements:				
Current:				
Security of Persons and Property	3,926	-	-	3,926
Public Health Services	9,509	-	6,720	16,229
Transportation	-	-	2,678	2,678
General Government	18,167	-	-	18,167
<i>Total Disbursements</i>	<u>31,602</u>	<u>-</u>	<u>9,398</u>	<u>41,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	3,569	200	(5,249)	(1,480)
<i>Other Financing Sources (Uses)</i>				
Transfer Out	(17,587)	-	-	(17,587)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,587)</u>	<u>-</u>	<u>-</u>	<u>(17,587)</u>
<i>Net Change in Fund Balance</i>	(14,018)	200	(5,249)	(19,067)
<i>Cash Fund Balances Beginning of Year</i>	<u>76,631</u>	<u>16,587</u>	<u>20,127</u>	<u>113,345</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 62,613</u>	<u>\$ 16,787</u>	<u>\$ 14,878</u>	<u>\$ 94,278</u>

See notes to basic financial statements.

Village of Fairview
Guernsey County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual
General Fund
For The Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$ 3,136	\$ 3,136	\$ 4,603	\$ 1,467
Other Local Taxes	65	65	-	(65)
Intergovernmental	1,834	1,834	7,901	6,067
Charges for Services	3,500	3,500	-	(3,500)
Miscellaneous	-	-	22,667	22,667
<i>Total Receipts</i>	<u>8,535</u>	<u>8,535</u>	<u>35,171</u>	<u>26,636</u>
Disbursements				
Current:				
Security of Persons and Property	-	-	3,926	(3,926)
Public Health Services	-	-	9,509	(9,509)
General Government	-	-	19,753	(19,753)
<i>Total Disbursements</i>	<u>-</u>	<u>-</u>	<u>33,188</u>	<u>(33,188)</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	8,535	8,535	1,983	(6,552)
<i>Other Financing Sources (Uses)</i>				
Transfers Out	-	-	(17,587)	(17,587)
<i>Total Other Financing Uses</i>	<u>-</u>	<u>-</u>	<u>(17,587)</u>	<u>(17,587)</u>
<i>Net Change in Fund Balance</i>	8,535	8,535	(15,604)	(24,139)
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>75,333</u>	<u>75,333</u>	<u>75,333</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,298</u>	<u>1,298</u>	<u>1,298</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ 85,166</u>	<u>\$ 85,166</u>	<u>\$ 61,027</u>	<u>\$ (24,139)</u>

See notes to basic financial statements.

Village of Fairview
Guernsey County

Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2018

	<u>Sewer Improvement</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 2,076	\$ 2,076
<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 2,076</u>	<u>\$ 2,076</u>
Net Position:			
Unrestricted	-	2,076	2,076
<i>Total Net Position</i>	<u>\$ -</u>	<u>\$ 2,076</u>	<u>\$ 2,076</u>

See notes to basic financial statements.

Village of Fairview
Guernsey County

Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For The Year Ended December 31, 2018

	Sewer Improvement	Other Enterprise Funds	Enterprise Total
Operating Receipts:			
Charges for Services	\$ -	\$ 4,025	\$ 4,025
<i>Total Operating Receipts</i>	<u>-</u>	<u>4,025</u>	<u>4,025</u>
Operating Disbursements:			
Contractual Services	24,407	2,684	27,091
<i>Total Operating Disbursements</i>	<u>24,407</u>	<u>2,684</u>	<u>27,091</u>
<i>Operating Income (Loss)</i>	(24,407)	1,341	(23,066)
Non-Operating Receipts (Disbursements)			
Intergovernmental	220,931	-	220,931
Loan Proceeds	139,596	-	139,596
Other Financing Sources	139,596	-	139,596
Capital Outlay	(353,707)	-	(353,707)
Debt Service:	-	-	-
Principal	(139,596)	-	(139,596)
Interest	-	-	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>6,820</u>	<u>-</u>	<u>6,820</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(17,587)	1,341	(16,246)
<i>Transfers -In</i>	17,587	-	17,587
<i>Change in Net Position</i>	-	1,341	1,341
<i>Net Position Beginning of Year</i>	<u>-</u>	<u>735</u>	<u>735</u>
<i>Net Position End of Year</i>	<u>\$ -</u>	<u>\$ 2,076</u>	<u>\$ 2,076</u>

See notes to basic financial statements.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Fairview, Guernsey 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Fairview provides the following services to its citizens: parks and recreation, street maintenance and repairs, cemetery, and sewer.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

As discussed further in “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities between those activities of the Village that are governmental in nature and those that are considered business-type activities.

Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements and program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

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 in two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund – The General Fund accounts for all financial resources, except those required to be 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.

Permanent (Cemetery Endowment Fund) – The Cemetery Endowment Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned for a particular purpose.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village’s major enterprise funds:

Sewer Improvement Fund – The Sewer Improvement Fund accounts for monies collected from Intergovernmental Receipts and Loan Proceeds to account for the wastewater treatment project.

Basis of Accounting

The Village’s financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council’s authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established by the Village Council at the fund, program, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted.

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street construction, maintenance, and repair; cemetery, and permissive motor vehicle licenses.

The Village applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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

Appropriations Exceeding Estimated Resources

The Village had expenditures exceeding appropriations for all funds in 2018 in violation of 5705.41(B). The Village did not file permanent appropriations with the County Auditor for 2018 in violation of 5705.38.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Constuction Maintenance, and Repair Fund; and Cemetery Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$1,586
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Note 5 – Deposits

Monies held by the Village are classified by State statute into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Deposits were fully covered by FDIC.

Note 6 –Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2018 real property taxes are levied after October 1, 2018, on assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public Officials liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and Investments	\$35,381,789
Actuarial Liabilities	\$12,965,015

Note 8 – Defined Benefit Pension Plans

Social Security

The Village’s elected officials contributed to Social Security. The Village had no employees during the audit period.

Officials 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, 2018.

Note 9 – Debt

The Village entered into a loan with the Ohio Water Development Authority (OWDA) for a wastewater treatment plant. The loan was approved in the amount of \$1,355,798. The Village has drawn \$867,262 as of December 31, 2018. OWDA has given the Village debt forgiveness for the entire loan.

Village of Fairview
Guernsey County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Permanent	Other Governmental Funds	Total
Nonspendable				
Cemetery	\$ -	\$ 10,000	\$ -	\$ 10,000
Total Nonspendable	-	10,000	-	10,000
Restricted				
Road Maintenance	-	-	14,177	14,177
Cemetery	-	6,787	701	7,488
Total Restricted	-	6,787	14,878	21,665
Assigned				
Other Purposes	1,586	-	-	1,586
Total Assigned	1,586	-	-	1,586
Unassigned				
	61,027	-	-	61,027
Total Fund Balance	\$ 62,613	\$ 16,787	\$ 14,878	\$ 94,278

Note 11 – Transfers

In 2018, the Village transferred \$17,587 from the General Fund to the Sewer Operating Fund as the sewer began operations.

Note 12 – Change in Basis of Accounting

Last audit period the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This audit period the Village has implemented the cash basis of accounting. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of fund equity due to this change.

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Fairview
Guernsey County
290 Fair Avenue
Quaker City, Ohio 43773

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental funds, business-type activities, each major fund and the aggregate remaining fund information of the Village of Fairview, Guernsey County as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated July 21, 2019, wherein we noted the Village uses a special framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Fairview'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider Findings 2018-001, 2018-002 and 2018-004 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Fairview'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* described in the Schedule of Findings as items 2018-001, 2018-003 and 2018-005.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 21, 2018

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-001

Noncompliance/ Material Weakness

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been properly appropriated.

For 2018, permanent appropriations were not filed with the County Auditor.

Without a permanent appropriation resolution being approved; expenditures exceeded appropriations for all funds in 2018.

We recommend the Fiscal Officer ensure its annual appropriation resolution is passed in a timely manner. The annual appropriation resolution should be signed by the Village Council and maintained by the Fiscal Officer or attached to the minutes and filed with the County Auditor. If the Village Council passes a temporary appropriation measure, the measure should provide detail such as fund, function and object and amount and signed copies should be maintained by the Fiscal Officer and presented for audit. Also, the Fiscal Officer should deny requests for payments when appropriations are not available.

Client Response: We received no response from client.

FINDING NUMBER 2018-002

Material Weakness

The monthly bank reconciliations for the audit period include "Other Adjusting Factors" in the amount of \$1,401 after posting \$8,776 from the 2015-2016 audit. The lack of appropriate oversight and review led to errors in the monthly bank reconciliation that went undetected. The Village has made adjustments to their accounting system to remove the "Other Adjusting Factors" in the amount of \$1,401.

As part of the monthly reconciliation process, the Fiscal Officer should investigate the unidentified reconciling items timely and make the necessary adjustments to the books. Also, the monthly bank reconciliation should be approved by Council at each meeting to provide oversight.

Client Response: We received no response from client.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-003

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 81% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from client.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-004

Material Weakness

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- In 2018, a reclassification in the amount of \$4,496 was made from Intergovernmental Revenue to Property and Other Taxes for property tax in the General Fund.
- In 2018, a reclassification in the amount of \$611 was made from Public Health to General Government in the General Fund.
- In 2018, an adjustment was made in the amount of \$4,025 and \$2,684 from Special Assessments and Transportation in the Other Special Revenue Fund and posted to Charges for Services and Contractual Services in the Sewer Operating Fund to properly post fees and expenses.
- In 2018, adjustments were made in the amount of \$209,945, \$139,596 and \$139,596, respectively to increase Intergovernmental Revenue, Loan Proceeds and Other Financing Sources in the Sewer Improvement Fund. Adjustments were made in the amount of \$139,596 and \$349,541 to increase Principal Retirement and Capital Outlay in the Sewer Improvement Fund. These adjustments recorded OWDA activity for the wastewater treatment plant project.
- In 2017, the Village reported the Permanent cash fund balance as assigned instead of nonspendable in the amount \$10,000 and restricted in the amount of \$6,787 and \$6,587, respectively.

Client Response: We received no response from client.

FINDING NUMBER 2018-005

Noncompliance

Ohio Revised Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. We noted the footnotes did not include certain information and there were some noted variances, as described below:

For December 31, 2018 were as follows:

- The Village's Budgetary Footnote and Equity In Pooled Cash Footnote contained material differences.
- The Village did not include the Public Entity Risk Pool Footnote.

Client Response: We received no response from client.

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**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	ORC 5705.41(B)/ORC 5705.38 Expenditures exceeding appropriations. Not passing appropriations.	No	Not Corrected Repeated as Finding 2018-001
2017-002	Material Weakness Bank reconciliations certification	No	Not Corrected Repeated as Finding 2018-002
2017-003	ORC 5705.41(D) Expenditures made prior to certification	No	Not Corrected Repeated as Finding 2018-003
2017-004	Material Weakness misclassifications and adjustments on financial reporting	No	Not Corrected Repeated as Finding 2018-004
2017-005	Material Weakness/Noncompliance Filing of Hinkle notes	No	Not Corrected Repeated as Finding 2018-005

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FAIRVIEW

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2019**