

VILLAGE OF CAIRO

ALLEN COUNTY

REGULAR AUDIT

JANUARY 1, 2007 THROUGH DECEMBER 31, 2008

YEARS AUDITED UNDER GAGAS: 2008 AND 2007

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Village Council
Village of Cairo
P.O. Box 198
Cairo, Ohio 45820-0198

We have reviewed the *Independent Auditor's Report* of the Village of Cairo, Allen County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Cairo is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 7, 2009

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**VILLAGE OF CAIRO
ALLEN COUNTY**

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Caudill & Associates, CPA's

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Independent Auditor's Report

Village Council
Village of Cairo
Allen County
P.O. Box 198
Cairo, Ohio 45820

We have audited the accompanying financial statements of Village of Cairo (the Village), Allen County, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances, and reserves for encumbrances of the Village, as of the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of Cairo
Independent Auditor's Report

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

March 31, 2009

**VILLAGE OF CAIRO
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 47,722	\$ -	\$ -	\$ 47,722
Municipal Income Tax	49,580	-	-	49,580
Intergovernmental Receipts	30,966	26,651	-	57,617
Special Assessments	-	-	47,375	47,375
Fines License and Permits	7,483	-	-	7,483
Charge for Service	3,787	-	-	3,787
Earnings on Investment	158	48	-	206
Miscellaneous	1,739	-	-	1,739
Total Cash Receipts	<u>141,435</u>	<u>26,699</u>	<u>47,375</u>	<u>215,509</u>
<u>Disbursements:</u>				
Current:				
Security of Persons and Property	24,540	-	-	24,540
General Government	59,855	-	-	59,855
Health	1,478	-	-	1,478
Transportation	-	37,600	-	37,600
Leisure Time Activities	7,261	-	-	7,261
Capital Outlay	15,178	-	-	15,178
Principal Payments	5,150	-	21,700	26,850
Interest Payments	342	-	29,165	29,507
Total Cash Disbursements	<u>113,804</u>	<u>37,600</u>	<u>50,865</u>	<u>202,269</u>
Total Receipts Over (Under) Disbursements	<u>27,631</u>	<u>(10,901)</u>	<u>(3,490)</u>	<u>13,240</u>
Fund Cash Balance, January 1	<u>76,881</u>	<u>38,666</u>	<u>62,569</u>	<u>178,116</u>
Fund Cash Balance, December 31	<u>\$ 104,512</u>	<u>\$ 27,765</u>	<u>\$ 59,079</u>	<u>\$ 191,356</u>
Reserve For Encumbrance, December 31	<u>\$ 213</u>	<u></u>	<u></u>	<u>\$ 213</u>

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

**VILLAGE OF CAIRO
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 42,287	\$ -	\$ -	\$ 42,287
Municipal Income Tax	66,612	-	-	66,612
Intergovernmental Receipts	31,119	36,927	-	68,046
Special Assessment	-	-	38,631	38,631
Charge for Service	7,822	-	1,200	9,022
Fines License and Permits	12,670	-	-	12,670
Earnings on Investment	436	-	-	436
Miscellaneous	6,466	408	-	6,874
	<u>167,412</u>	<u>37,335</u>	<u>39,831</u>	<u>244,578</u>
<u>Disbursements:</u>				
Current:				
Security of Persons & Property	69,866	-	-	69,866
General Government	21,313	-	-	21,313
Health	1,353	-	-	1,353
Transportation	-	56,185	-	56,185
Leisure Time Activities	9,159	-	-	9,159
Principal Payments	4,900	-	21,700	26,600
Interest Payments	617	-	29,592	30,209
	<u>107,208</u>	<u>56,185</u>	<u>51,292</u>	<u>214,685</u>
Total Receipts Over (Under) Disbursements	<u>60,204</u>	<u>(18,850)</u>	<u>(11,461)</u>	<u>29,893</u>
Fund Cash Balance, January 1	<u>16,677</u>	<u>57,516</u>	<u>74,030</u>	<u>148,223</u>
Fund Cash Balance, December 31	<u>\$ 76,881</u>	<u>\$ 38,666</u>	<u>\$ 62,569</u>	<u>\$ 178,116</u>
Reserve For Encumbrance, December 31	<u>\$ 1,340</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 1,380</u>

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

**VILLAGE OF CAIRO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cairo, Allen County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including street lighting, park operations (leisure time activities), and police services. The Village contracts with Monroe Township to receive fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Village 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village maintains all funds in a demand account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund-

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle License Tax Fund – This fund receives the proceeds of a county levied license fee for constructing, maintaining, and repairing Village streets.

3. Debt Service Fund

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service funds:

**VILLAGE OF CAIRO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Retirement Fund – This fund receives the sewer surcharge collected by the Allen County Sanitary Engineer for the retirement of the Ohio Public Works Commission, rural development, and the Ohio Environmental Protection Agency loans.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$191,356</u>	<u>\$178,116</u>

Deposits: As of December 31, 2008 all Village deposits were insured by the Federal Depository Insurance Corporation. As of October 3rd, 2008 the FDIC temporarily increased the automatic coverage of accounts to \$250,000. This coverage will expire January 1, 2010.

**VILLAGE OF CAIRO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,866	\$141,435	(\$431)
Special Revenue	24,080	26,699	2,619
Debt Service	42,000	47,375	5,375
Total	\$207,946	\$215,509	\$7,563

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,315	\$114,017	\$43,298
Special Revenue	50,940	37,600	13,340
Debt Service	52,300	50,865	1,435
Total	\$260,555	\$202,482	\$58,073

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,076	\$167,412	\$61,336
Special Revenue	22,800	37,335	14,535
Debt Service	42,000	39,831	(2,169)
Total	\$170,876	\$244,578	\$73,702

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,737	\$108,548	\$7,189
Special Revenue	44,986	56,225	(11,239)
Debt Service	52,300	51,292	1,008
Total	\$213,023	\$216,065	(\$3,042)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

**VILLAGE OF CAIRO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

4. PROPERTY TAX (continued)

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% 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.

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Gym Floor Replacement Note	\$ 4,360	4.95%
Sanitary Sewer System Revenue Bonds	605,000	4.75%
Ohio Public Works Commission Loan Assistance	127,000	0%
	<u>\$ 736,360</u>	

On September 9, 2004, the Village refinanced the promissory note for the purpose of replacing the gymnasium floor in the recreational building. The note is payable from the General Fund over a term of 60 monthly installments of principal and interest.

The Ohio Public Works Commission (OPWC) loan and the sanitary sewer revenue bond issue relates to the construction of a sanitary sewer system that was mandated by the Ohio Environmental Protection Agency.

The OPWC granted \$254,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$6,350, over 20 years. The sanitary sewer revenue bonds were purchased by the United States Department of Agriculture/Rural Development.

This loan and the bond issue are collateralized by a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover debt service requirements.

Amortization of the above debt, including interest, follows:

**VILLAGE OF CAIRO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

6. DEBT (continued)

<u>Year Ending December 31</u>	<u>Gym Floor Replacement</u>	<u>OPWC Loan</u>	<u>Sanitary System Bonds</u>	<u>Total</u>
2009	\$ 4,457	\$ 12,700	\$ 38,242	\$ 55,399
2010		12,700	38,242	50,942
2011		12,700	38,242	50,942
2012		12,700	38,242	50,942
2013		12,700	38,242	50,942
2014-18		63,500	191,210	254,710
2019-23			191,210	191,210
2024-28			191,210	191,210
2029-33			191,210	191,210
2034-38			189,475	189,475
Total	<u>\$ 4,457</u>	<u>\$ 127,000</u>	<u>\$ 1,145,525</u>	<u>\$ 1,276,982</u>

7. RETIREMENT SYSTEM

The Village's Officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2008, OPERS members contributed 9.5 and 10 percent of their wages. The Village contributed an amount equal to 13.85 and 14 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

Commercial Insurance – The Village has obtained commercial insurance for the following risks:

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

9. COMPLIANCE

- (1) Contrary to Ohio Rev. Code Section 5705.41 (D) the Village did not properly certify the availability of funds prior to the obligation for 100% of the disbursements tested in 2007 and 44% of the disbursements tested in 2008.
- (2) Contrary to Ohio Rev. Code Section 5705.41 (B), the Village expenditures exceeded appropriations at the fund level for the Permissive Motor Vehicle License Tax Fund during 2008. Expenditures also exceeded appropriations at the fund level in the Street Construction, Maintenance, and Repair Fund during 2007.

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Village Council
Village of Cairo
Allen County
P.O. Box 198
Cairo, Ohio 45820

We have audited the accompanying financial statements of Village of Cairo (the Village), Allen County, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2009 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider finding 2008-003 described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Village of Cairo
Allen County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2008-001 and 2008-002.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We noted a certain noncompliance matter that we reported to the Village's management in a separate letter dated March 31, 2008.

This report is intended for the information and use of management, Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 31, 2009

VILLAGE OF CAIRO
ALLEN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

Ohio Rev. Code Section 5705.41 (D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 expenditures by the taxing authority.

The Village did not properly certify the availability of funds prior to obligation for 100% of purchases tested in 2007 and 44% of the purchases tested in 2008.

This could lead to deficient spending and other budgetary problems for the Village.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now certificate in instances of emergency or absence of proper authority.

Village Response:

Village will implement procedures to ensure proper certification of funds prior to obligation.

**VILLAGE OF CAIRO
ALLEN COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING 2008-002

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (B)

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

As of December 31, 2008 the Village expenditures exceeded appropriations at the fund level concerning the permissive motor vehicle license tax fund. Expenditures also exceeded appropriations at the fund level concerning the Street Construction, Maintenance, and Repair fund during 2007.

This could allow deficient spending to occur.

We recommend that the Village adopt appropriations prior to authorizing the expenditures of funds. All appropriation amendments should be filed with the County Auditor on a timely basis.

Village response:

Village will implement procedures to ensure no expenditure is made without a proper appropriation.

FINDING 2008-003

Recommendation – Significant Deficiency

The Village's council approved appropriation and supplemental appropriations should be accurately posted to the accounting system

The Village's appropriation per the accounting system did not agree to the council approved appropriations

We recommend that the Village accurately post all permanent and supplemental appropriations to the accounting system.

Village Response:

Village will implement procedures to ensure all permanent and supplemental appropriations are properly posted to the accounting system.

**VILLAGE OF CAIRO
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006 - 001	5705.41.(B) Expenditures Exceeding Appropriation	No	Not Corrected. Reissue as finding 2008-002
2006 - 002	5705.41.(D) Untimely Certification of Funds	No	Not Corrected. Reissue as finding 2008-001
2006 - 003	5705.10 Negative Fund Balance	Yes	N/A
2006-004	Illegal Advance	Yes	N/A
2006-005	Misclassification of Debt Payments	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF CAIRO

ALLEN 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
JULY 21, 2009