



Dave Yost • Auditor of State



VILLAGE OF CAIRO  
ALLEN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cairo, Allen County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cairo, Allen County, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 15, 2018

**VILLAGE OF CAIRO  
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$24,644			\$24,644
Municipal Income Tax	54,079			54,079
Intergovernmental	26,378	\$35,104	\$250,000	311,482
Fines, Licenses and Permits	1,348			1,348
Earnings on Investments	31	14		45
Miscellaneous	28,039			28,039
Total Cash Receipts	<u>134,519</u>	<u>35,118</u>	<u>250,000</u>	<u>419,637</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	17,439			17,439
Public Health Services	1,090			1,090
Leisure Time Activities	7,855			7,855
Community Environment	3,212			3,212
Transportation		19,947		19,947
General Government	77,911			77,911
Capital Outlay			258,360	258,360
Total Cash Disbursements	<u>107,507</u>	<u>19,947</u>	<u>258,360</u>	<u>385,814</u>
Excess of Receipts Over (Under) Disbursements	<u>27,012</u>	<u>15,171</u>	<u>(8,360)</u>	<u>33,823</u>
<b>Other Financing Receipts (Disbursements):</b>				
Transfers In			7,629	7,629
Transfers Out	(7,629)			(7,629)
Total Other Financing Receipts (Disbursements)	<u>(7,629)</u>		<u>7,629</u>	
Net Change in Fund Cash Balances	<u>19,383</u>	<u>15,171</u>	<u>(731)</u>	<u>33,823</u>
Fund Cash Balances, January 1	<u>125,987</u>	<u>49,667</u>	<u>731</u>	<u>176,385</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		64,838		64,838
Assigned	80,749			80,749
Unassigned	64,621			64,621
Fund Cash Balances, December 31	<u>\$145,370</u>	<u>\$64,838</u>	<u>\$0</u>	<u>\$210,208</u>

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Operating Cash Disbursements:</b>	
Contractual Services	\$2,291
Total Operating Cash Disbursements	<u>2,291</u>
Operating (Loss)	<u>(2,291)</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	129,684
Principal Retirement	(50,400)
Interest and Other Fiscal Charges	(69,603)
Total Non-Operating Receipts (Disbursements)	<u>9,681</u>
Net Change in Fund Cash Balances	7,390
Fund Cash Balances, January 1	<u>223,323</u>
Fund Cash Balances, December 31	<u><u>\$230,713</u></u>

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



**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1 REPORTING ENTITY**

The Village of Cairo (the Village), Allen 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 general governmental services, including street lighting, recreation center and park operations. The Village contracts with a private individual to provide security of persons and property. The Village contracts with Cairo/Monroe Township Fire Department to receive fire protection services. The Village contracts with the Allen County Sanitary Engineer for sewer services. The Village contracts with the City of Lima for water services.

**A. Jointly Governed Organization and Public Entity Risk Pool**

The Village participates in a jointly governed organization and a public entity risk pool. The jointly governed organization is the Lima–Allen County Regional Planning Commission, which serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. The public entity risk pool is the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. Notes 12 and 13 to the financial statements provide additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**B. 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:

1. **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.
2. **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.

VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Permissive Motor Vehicle License Tax** - The permissive tax fund receives the proceeds of a county levied license fee for constructing, maintaining, and repairing Village streets.

3. **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 capital project fund:

**Main Street Capital Project Fund** - The Village created this account to monitor the engineering dollars that were required to be paid by the Village for the reconstruction of Main Street. The Village paid for pavement cores, legal and easements, engineering design, funding applications and project coordination. This money was transferred from the General Fund to the Main Street Capital Project Fund to cover the Village's expenses for the project. (\$7,629 was transferred in 2016 from the General Fund to the Main Street Project Fund.) The Ohio Department of Transportation handled all matters of construction and funding for the actual project. The Village was awarded an OPWC grant for \$500,000 and recorded on behalf receipts and disbursements of \$250,000 in 2016.

4. **Enterprise Funds** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Enterprise Debt Service Water Fund** - The water fund receives assessments which are used to pay debt obligations.

**Enterprise Debt Service Sewer Fund** - The sewer fund receives assessments which are used to pay debt obligations.

C. **Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. **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.

3. **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 re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

E. Deposits

The Village maintains its cash deposits in an interest-bearing checking account and certificate of deposits.

F. 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.

G. 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:

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2016 follows:

**2016 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$109,096	\$134,519	\$25,423
Special Revenue	38,817	35,118	(3,699)
Capital Projects	4,530,000	257,629	(4,272,371)
Enterprise	122,000	129,684	7,684
Total	<u>\$4,799,913</u>	<u>\$556,950</u>	<u>(\$4,242,963)</u>

**2016 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$210,005	\$115,136	\$94,869
Special Revenue	69,834	19,947	49,887
Capital Projects	680,000	258,360	421,640
Enterprise	166,155	122,294	43,861
Total	<u>\$1,125,994</u>	<u>\$515,737</u>	<u>\$610,257</u>

**4. DEPOSITS**

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

Demand deposits	<u>\$440,921</u>
Total deposits	<u>\$440,921</u>

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

**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**5. TAXES**

**A. Property Taxes**

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**B. Income Taxes**

The Village levies a municipal income tax of 1/2 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 Regional Income Tax Agency, the third party tax administrator for the Village, either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. INTERFUND BALANCES**

**Transfers**

The Village paid for pavement cores, legal and easements, engineering design, funding applications and project coordination for the Main Street Project. This money was transferred from the General Fund to the Main Street Capital Project Fund to cover the Village's expenses for the project. The amount of \$7,629 was transferred in 2016 from the General Fund to the Main Street Project Fund to cover those expenses.

**7. RISK MANAGEMENT**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**B. Social Security**

Some of the Village's Council Members 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, 2016.

**9. POST-EMPLOYMENT BENEFITS**

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC-Loan 1999 #CM008	\$31,750	0.00%
USDA-Sewer Loan #01 (1998)	515,000	4.75%
USDA-Water Loan #03 (2013)	1,594,300	2.75%
Total	<u>\$2,141,050</u>	

The Ohio Public Works Commission (OPWC) loan #CM008, entered into on July 1, 1996 with the loan initialized in 1999 in the amount of \$254,000 at 0% interest, was for the installation of a sewer system in the Village of Cairo as mandated by the Ohio Environmental Protection Agency. The Village agreed to make semiannual installments of \$6,350 over 20 years with the final maturity date being January, 2019. The loan is collateralized by a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover debt service requirements.

The United States Department of Agriculture (USDA) Rural Development loan #01, entered into on November 13, 1998 in the amount of \$661,000 at 4.75% interest, was for the installation of a sewer system in the Village of Cairo as mandated by the Ohio Environmental Protection Agency. The Village agreed to make annual installments of principal and interest payments over 40 years with the final maturity scheduled for 2038. The loan is collateralized by a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover debt service requirements. The sanitary sewer system revenue bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the fund at December 31, 2016 is \$42,185.

**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**10. DEBT (Continued)**

The United States Department of Agriculture (USDA) Rural Development loan #03, entered into on September 13, 2013 in the amount of \$1,619,000 at 2.75% interest, was for the installation of a water system in the Village of Cairo. The Village agreed to make annual installments of principal and interest payments over 40 years with the final maturity scheduled for 2053. The loan is collateralized by a water rate surcharge. The Village has agreed to set water rates sufficient to cover debt service requirements. The water system revenue bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the fund at December 31, 2016 is \$69,300.

**A. Amortization**

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

<b>Year ending December 31:</b>	<b>OPWC #CM008</b>	<b>USDA Loan #01 - Sewer</b>	<b>USDA Loan #03 - Water</b>
2017	\$12,700	\$38,463	\$69,243
2018	12,700	37,798	69,145
2019	6,350	38,133	69,230
2020		38,420	69,193
2021		38,660	69,237
2022-2026		190,713	345,983
2027-2031		190,775	346,091
2032-2036		191,378	346,057
2037-2041		75,420	346,010
2042-2046			346,027
2047-2051			346,070
2052-2053			138,408
Total	\$31,750	\$839,760	\$2,560,694

**11. JOINTLY GOVERNED ORGANIZATION**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 Under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant Coordinator, 130 West Main Street, Lima, Ohio 45802 or call 419-228-1836, or e-mail mschumaker@lacrpc.com.

**12. PUBLIC ENTITY RISK POOL**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**VILLAGE OF CAIRO, OHIO  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**13. CONTINGENT LIABILITIES**

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



**VILLAGE OF CAIRO  
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$25,449			\$25,449
Municipal Income Tax	37,680			37,680
Intergovernmental	24,033	\$25,922		49,955
Fines, Licenses and Permits	1,278			1,278
Earnings on Investments	31	9		40
Miscellaneous	30,714			30,714
Total Cash Receipts	<u>119,185</u>	<u>25,931</u>		<u>145,116</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	17,145			17,145
Public Health Services	1,190			1,190
Leisure Time Activities	9,158			9,158
Community Environment	2,919			2,919
Transportation		12,726		12,726
General Government	88,452			88,452
Capital Outlay			\$37,307	37,307
Total Cash Disbursements	<u>118,864</u>	<u>12,726</u>	<u>37,307</u>	<u>168,897</u>
Excess of Receipts Over (Under) Disbursements	<u>321</u>	<u>13,205</u>	<u>(37,307)</u>	<u>(23,781)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Transfers In			35,461	35,461
Transfers Out	(35,461)			(35,461)
Total Other Financing Receipts (Disbursements)	<u>(35,461)</u>		<u>35,461</u>	
Net Change in Fund Cash Balances	(35,140)	13,205	(1,846)	(23,781)
Fund Cash Balances, January 1	<u>161,127</u>	<u>36,462</u>	<u>2,577</u>	<u>200,166</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		49,667	731	50,398
Assigned	100,909			100,909
Unassigned	25,078			25,078
Fund Cash Balances, December 31	<u>\$125,987</u>	<u>\$49,667</u>	<u>\$731</u>	<u>\$176,385</u>

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

VILLAGE OF CAIRO  
ALLEN COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	\$131,633
Principal Retirement	(25,700)
Interest and Other Fiscal Charges	(70,221)
Total Non-Operating Receipts (Disbursements)	<u>35,712</u>
Net Change in Fund Cash Balances	35,712
Fund Cash Balances, January 1	<u>187,611</u>
Fund Cash Balances, December 31	<u><u>\$223,323</u></u>

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

**VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 directs the Village. The Village provides general governmental services, including street lighting, and park and recreation center operations (leisure time activities). Water and sewer services are obtained from the City of Lima and the All County Sanitary Engineer. The Village contracts with Monroe Township to receive fire protection services and contracts with a private individual for police protection.

The Village participates in a jointly governed organization and a public entity risk pool. The jointly governed organization is the Lima–Allen County Regional Planning Commission, which serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. The public entity risk pool is the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. Notes 10 and 11 to the financial statements provide additional information for these entities.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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 Fund:

VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. 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 capital project fund:

**Main Street Fund** – This fund currently received funds transferred from the General Fund used for engineering services for the Main Street Project. In subsequent years, the fund will receive funding from grants and loans to complete the project of reconstructing Main Street.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Debt Service Water Fund** - This fund receives special assessments from residents to cover water loan payments to the USDA.

**Debt Service Sewer Fund** - This fund receives special assessments from residents to cover sewer loan payments to the USDA and OPWC.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. 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.

3. 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 re-appropriated.

A summary of 2015 budgetary activity appears in Note 3.

VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. 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.

**VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2015</b>
Demand deposits	\$399,708
Total deposits	\$399,708

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

**2015 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,521	\$119,185	\$13,664
Special Revenue	35,920	25,931	(9,989)
Capital Projects	55,000	35,461	(19,539)
Enterprise	122,000	131,633	9,633
Total	\$318,441	\$312,210	(\$6,231)

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,918	\$154,325	\$61,593
Special Revenue	52,307	12,726	39,581
Capital Projects	57,577	37,307	20,270
Enterprise	142,175	95,921	46,254
Total	\$467,977	\$300,279	\$167,698

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one-half 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, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CM008 (1999)	\$44,450	0%
USDA Sewer Loan #01 (1998)	528,000	4.75%
USDA Water Loan #03 (2013)	1,619,000	2.75%
Total	<u>\$2,191,450</u>	

The Ohio Public Works Commission (OPWC) loan #CM008, entered into on July 1, 1996 in the amount of \$254,000 at 0% interest, for improvement to the sewer system. The loan will be repaid in semiannual installment of \$6,350, over 20 years with the final maturity scheduled for January 1, 2019. The loan is collateralized by a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover debt service requirements.

The United States Department of Agricultural (USDA) revenue bonds relates to a sewer project. The USDA mortgage revenue bonds were issued on November 13, 1998, in the amount of \$661,000 at 4.75% interest. These bonds will be repaid in annual installments of principal and interest payments over 40 years with final maturity scheduled for 2038. The Village has agreed to set sewer rates sufficient to cover debt service requirements. The sanitary sewer system revenue bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the fund at December 31, 2015 is \$42,185.

The United States Department of Agricultural (USDA) revenue bonds relates to a water project. The USDA mortgage revenue bonds were issued on September 30, 2013, in the amount of \$1,619,000 at 2.75% interest, for the purpose of retiring an interim loan in the amount of \$1,619,000 received in 2013 incurred for the purpose of paying part of the cost of certain water system improvements. These bonds will be repaid in annual installment of principal and interest payments over 40 years with final maturity scheduled for 2053. The Village has agreed to set water rates sufficient to cover debt service requirements. The water system revenue bond covenant requires the Village to establish and fund a debt service reserve fund. The balance in the fund at December 31, 2015 is \$69,300.

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

**VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. DEBT (Continued)**

<u>Year ending December 31:</u>	<u>OPWC Loan #CM008</u>	<u>USDA Sewer Loan #01</u>	<u>USDA Water Loan #03</u>
2016	\$12,700	\$38,080	\$69,222
2017	12,700	38,462	69,243
2018	12,700	37,798	69,145
2019	6,350	38,132	69,230
2020		38,420	69,193
2021-2025		191,035	346,091
2026-2030		191,238	345,994
2031-2035		191,265	346,044
2036-2040		113,408	346,085
2041-2045			345,992
2046-2050			346,063
2051-2053			207,618
Total	<u>\$44,450</u>	<u>\$877,838</u>	<u>\$2,629,920</u>

**7. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

All Council members and the Mayor contribute to Social Security instead of participating in OPERS. The Village's liability for Social Security is 6.2 percent of wages paid.

**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. TRANSFERS**

The transfers between the General Fund and the Capital Projects Main Street Fund were to cover the Village's portion of engineering expenses for the Main Street Project that will take place in 2016.



**VILLAGE OF CAIRO  
ALLEN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**10. JOINTLY GOVERNED ORGANIZATION**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant Coordinator, 130 West Main St., Lima, Ohio 45801 or call 419-228-1836, or e-mail [mschumaker@lacrpc.com](mailto:mschumaker@lacrpc.com).

**11. PUBLIC ENTITY RISK POOL**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**12. CONTINGENT LIABILITIES**

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

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# Dave Yost • Auditor of State

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

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

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Cairo, Allen County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding 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 certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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. We consider finding 2016-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

***Village's Responses to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 15, 2018

VILLAGE OF CAIRO  
ALLEN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

**Material Weakness – Accuracy of Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The accounting records and/or financial statements had the following errors:

- Governmental Accounting Standards Board (GASB) Statement No. 54 par. 16 (GASB Codification 1800.176) - *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. At December 31, 2016 and 2015, General Fund subsequent year appropriations in excess of estimated receipts, in the amount of \$80,749 and \$100,909, respectively, were classified as unassigned fund balance instead of assigned fund balance;
- Homestead and rollback receipts recorded in the General Fund in 2016 and 2015, in the amount of \$5,181 and \$5,158, respectively, were classified as property and other local tax receipts instead of intergovernmental receipts; and
- Ohio Public Works Commission grant receipts and disbursements in the amount of \$250,000 made on behalf of the Village for the Main Street Project were not recorded.

The accompanying financial statements have been adjusted to correct these errors.

The failure to correctly classify financial activity in the UAN system and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions, the Village's ability to comply with budgetary laws, and result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner.

The errors identified should be reviewed by the Fiscal Officer to help prevent similar errors in subsequent years. In addition, governmental accounting resources, such as Ohio Village Officer's Handbook, Uniform Accounting Network (UAN) Manual, and Auditor of State Bulletins, which can be found on the Auditor of State website at <https://ohioauditor.gov/>, should be reviewed for guidance in recording financial activity. Council should periodically review the accounting records and review the year-end financial statements to help identify and correct errors in a timely manner.

**OFFICIALS' RESPONSE:** So noted. Bullet point number 2 was corrected beginning 2017.

## FINDING NUMBER 2016-002

### Noncompliance Citation / Significant Deficiency

**Ohio Rev. Code § 9.38** requires that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

For the deposit of gym rental receipts, the inside recreation director submitted a gym rental calendar, showing the names of the renters and the date and time the gym was rented, and the corresponding receipts, cash, and checks to the fiscal officer. The calendar was compared to the duplicate receipts and the dollars collected for accuracy by the Fiscal Officer each month. The inside recreation director only deposited receipts with the Fiscal Officer 10 times during 2015 and 11 times during 2016. According to the requirement above, each rental payment should be deposited with the Fiscal Officer the next business day following the day of the receipt/rental, since daily amounts do not exceed one thousand dollars and the Village has not adopted a policy permitting a different time period, not to exceed three business days following the time of the receipt.

In addition, two instances were noted in 2015 where the gym was rented for the entire day and the individuals were charged \$350. The Village's fee schedule approved at the October 2005 meeting indicates the rate for all day parties is \$325. While scanning payments made to the Village for rental of the Village's gym several instances were noted where the rental checks were made payable to the inside recreation director instead of the Village. These checks were deposited with the Village Fiscal Officer.

The failure to timely deposit receipts in accordance with **Ohio Rev. Code § 9.38**, charge the proper rates in accordance with the Council approved fee schedule, and accepting checks made payable to the recreation director instead of the Village increases the risk of the loss or misuse of public money.

The inside recreation director should deposit all receipts with the fiscal officer on the business day following the day of the receipt. The Village Council should develop procedures and controls to help ensure all individuals associated with receipt collection follow both the Ohio Revised Code and any Village adopted deposit policy. In addition, the Village should implement procedures to ensure the rates charged for the gym rentals are in accordance with the Council approved fee schedule and checks are made payable to the Village.

**OFFICIALS' RESPONSE:** So noted and was discussed with Council.

**VILLAGE OF CAIRO  
ALLEN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Accuracy of Financial Reporting  First reported in the audit for 2013	Partially Corrected – Repeated as Finding 2016-001	Two new funds were established to comply with this requirement. However, since the 2013 audit was not completed until January 19, 2016, there were transactions posted to the old accounts until the time the audit findings were reported to the Village in 2016 and the account issue was corrected. (The Village also questioned why previous audits did not find this error since the wrong accounts have been used since the sewer project was completed in 1999.) Other errors identified have been corrected.
2014-002	Noncompliance/Significant Deficiency Ohio Revised Coe 9.38  First reported in the audit for 2013	Partially Corrected – Repeated as Finding 2016-002	There is a Council agreed upon fee schedule that was established November 1, 2005 and has been followed and the rates have been given to the Auditor during the past audit. A monthly calendar showing who is renting the gym when and the dollar amount to be charged is also being used. Deposits are made once a month for the previous months' rentals. The calendar is compared to the receipts and the dollars collected for accuracy by the Fiscal Officer each month. Any discrepancies or lack of payment is brought to the Council meeting by the Inside Recreation Director and/or the Fiscal Officer for further discussion and Council input before deposits are made. Also, deposits cannot be made in the same month as rentals if the gym is rented the last date of the month. So that deposit would be made the following month.

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# Dave Yost • 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  
JUNE 26, 2018