



**VILLAGE OF CAIRO
ALLEN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2024 - 2023**



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Columbus, Ohio 43215
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Village Council
Village of Cairo
PO Box 198
Cairo, Ohio 45820

We have reviewed the *Independent Auditor's Report* of the Village of Cairo, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2024. 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 Cairo is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 24, 2025

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**VILLAGE OF CAIRO
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Cairo
Allen County
PO Box 198
Cairo, Ohio 45820

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Cairo, Allen County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2024 and 2023, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 10, 2025

**VILLAGE OF CAIRO
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 27,594	\$ -	\$ -	\$ 27,594
Municipal Income Tax	75,020	-	-	75,020
Intergovernmental	56,901	41,015	-	97,916
Charges for Services	7,129	-	-	7,129
Fines, Licenses and Permits	1,238	-	-	1,238
Earnings on Investments	5,222	135	-	5,357
Miscellaneous	<u>52,285</u>	<u>727</u>	<u>-</u>	<u>53,012</u>
<i>Total Cash Receipts</i>	<u>225,389</u>	<u>41,877</u>	<u>-</u>	<u>267,266</u>
Cash Disbursements				
Current:				
Public Health Services	28,391	-	-	28,391
Leisure Time Activities	1,227	-	-	1,227
Community Environment	64,938	-	-	64,938
Basic Utility Services	1,385	-	-	1,385
General Government	-	36,490	-	36,490
Intergovernmental	<u>93,598</u>	<u>-</u>	<u>-</u>	<u>93,598</u>
Debt Service:				
Principal Retirement	<u>1,936</u>	<u>1,936</u>	<u>3,309</u>	<u>7,181</u>
<i>Total Cash Disbursements</i>	<u>191,475</u>	<u>38,426</u>	<u>3,309</u>	<u>233,210</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,914</u>	<u>3,451</u>	<u>(3,309)</u>	<u>34,056</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	3,309	3,309
Transfers Out	<u>(3,309)</u>	<u>-</u>	<u>-</u>	<u>(3,309)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,309)</u>	<u>-</u>	<u>3,309</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>30,605</u>	<u>3,451</u>	<u>-</u>	<u>34,056</u>
<i>Fund Cash Balances, January 1</i>	<u>66,424</u>	<u>107,787</u>	<u>1,401</u>	<u>175,612</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 97,029</u>	<u>\$ 111,238</u>	<u>\$ 1,401</u>	<u>\$ 209,668</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Proprietary</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,200
<i>Total Operating Cash Receipts</i>	<u>1,200</u>
 <i>Operating Income</i>	 <u>1,200</u>
 Non-Operating Receipts (Disbursements)	
Special Assessments	133,476
Principal Retirement	(88,578)
Interest and Other Fiscal Charges	<u>(51,331)</u>
 <i>Total Non-Operating Receipts (Disbursements)</i>	 <u>(6,433)</u>
 <i>Net Change in Fund Cash Balances</i>	 (5,233)
 <i>Fund Cash Balances, January 1</i>	 <u>350,331</u>
 <i>Fund Cash Balances, December 31</i>	 <u>\$ 345,098</u>

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

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 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 governmental services, including street lighting, recreation center, water and sewer utilities, park operations and police services. The Village contracts with members of the Allen County Sheriff's department to provide security of persons and property. The Village contracts with Cairo/Monroe Village 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.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in a jointly governed organization and 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 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 public entity risk pool is the Public Entities Pool of Ohio for insurance purposes (non-health related insurance). Note 6 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

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 fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway The State highway 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 a stat highway within the Village.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund receives proceeds of a County and State levied license fee for construction, maintaining and repairing Village streets.

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 no capital project funds.

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 designed, funding applications and project coordination. The money was transferred from the General Fund to the Main Street Capital Project Fund to cover the expenses for the project. OPWC awarded the Village a loan at zero percent interest for the balance of this project. The payments are made twice a year.

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 The sewer fund receives assessments, which are used to pay debt obligations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

The Village opened a Certificate of Deposit in January 2024 using the Fund 5741 Debt Service Reserve-Water and the Fund 5742 Debt Service Reserve-Sewer dollar amounts. All interest will be accrued in the General Fund for current expenses. The amount invested in the CD in January 2024 was \$111,485.00.

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.

Leases

The Village is the lessee in a tractor lease (as defined by GASB 87) related to vehicles under noncancelable leases. Lease disbursement is recognized when it is paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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

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
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts				
Fund Type	Budgeted		Actual	
	Receipts	Receipts	Variance	
General	\$ 216,174	\$ 225,389	\$ 9,215	
Special Revenue	50,415	41,877	(8,538)	
Capital Projects	3,309	3,309	0	
Enterprise	145,000	134,676	(10,324)	
Total	\$ 414,898	\$ 405,251	\$ (9,647)	

2024 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation		Budgetary	
	Authority	Expenditures	Variance	
General	\$ 235,882	\$ 194,784	\$ 41,098	
Special Revenue	131,193	38,426	92,767	
Capital Projects	3,309	3,309	0	
Enterprise	179,993	139,909	40,084	
Total	\$ 550,377	\$ 376,428	\$ 173,949	

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4 – Deposits and Investments

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

	<u>2024</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$ 438,164
Certificates of deposit	<u>116,602</u>
Total deposits	<u>554,766</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u><u>\$ 554,766</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

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.

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) or the State of Ohio, either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 6 – Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Sedgewick provides administrative, cost control and actuarial services to the GRP.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public official's liability; and
- Vehicles

Risk Pool Membership

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 official's 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 (the latest information available):

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Social Security

Other Village employees 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, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2024, was as follows:

	Principal	Interest Rate
USDA - Water Loan #03 (2013)	\$ 1,370,800	2.75%
OPWC - Main St. Loan #CT37S	81,062	0.00%
Union Bank - Sewer Loan (2020)	277,601	3.75%
AGCO Finance LLC Tractor (2023)	17,427	0.00%
Total	<u>\$ 1,746,890</u>	

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt (Continued)

The United States Department of Agriculture Rural Development (USDA) 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 refinanced this loan with the Union Bank in November, 2020 and secured a lower interest rate of 3.75%. The Village agreed to make annual installments of principal and interest payments over 18 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 Debt Service fund at December 31, 2024 is \$42,185. The balance in the Sewer Fund at December 31, 2024 is \$13,081. With the lower interest rate and previous OPWC loans paid off, the Village hopes to pay off this sewer loan in 10 years instead of 18.

The United States Department of Agriculture Rural Development (USDA) 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 Debt Service fund at December 31, 2024 is \$69,300. The balance in the water fund at December 31, 2024 is \$179,446.

The Ohio Public Works Commission (OPWC) loan #CT37S, entered into on September 4, 2018 with the loan initialized in 2018 in the amount of \$99,259.25 at 0% interest, was for the reconstruction of Main Street in the Village of Cairo. The Village agreed to make semiannual installments of \$1,654.32 over 30 years beginning January 2019 and the final maturity date being July 2048. This loan is to be paid with General Fund dollars. The Village has agreed to cover debt service requirements.

The AGCO Finance LLC, entered into on July 18, 2023, with a trade in of the previously purchased tractor and implements (mower deck, grader scraper and backhoe) for a new smaller tractor and mower deck, the initialized loan amount of \$22,913 with 0% interest was for the purchase of a 2023 Massey Ferguson tractor and mower deck. The Village agreed to make monthly payments of \$322 over 6 years. This loan is to be paid with General Fund and Street Construction, Maintenance and Repair Fund dollars. The Village has agreed to cover debt service requirements.

Financed Purchases

The Village has entered into financed purchases agreements for other equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$3,873 to pay these costs for the fiscal year ended December 31, 2024.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	Financed			
	Purchases (AGCO Tractor)	USDA Water Loan	OPWC Main St. Loan	Union Bank Sewer Loan
2025	\$ 3,873	\$ 69,297	\$ 3,309	\$ 33,828
2026	3,873	69,128	3,309	33,828
2027	3,873	69,240	3,309	33,828
2028	3,873	69,224	3,309	33,828
2029	1,935	69,184	3,309	33,828
2030-2034	-	346,089	16,543	169,139
2035-2039	-	345,987	16,543	98,466
2040-2044	-	346,069	16,543	-
2045-2049	-	346,039	14,888	-
2050-2053	-	276,834	-	-
Total	\$ 17,427	\$ 2,007,091	\$ 81,062	\$ 436,745

Note 10 – Jointly Governed Organizations

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](mailto:mschumaker@lacrpc.com).

Note 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.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the Village had none of the above fund balances nor encumbrances.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 12 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF CAIRO
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 27,465	\$ -	\$ -	\$ 27,465
Municipal Income Tax	65,522	-	-	65,522
Intergovernmental	53,452	39,664	-	93,116
Charges for Services	7,710	-	-	7,710
Fines, Licenses and Permits	1,234	-	-	1,234
Earnings on Investments	224	162	-	386
Miscellaneous	<u>47,734</u>	<u>-</u>	<u>-</u>	<u>47,734</u>
<i>Total Cash Receipts</i>	<u>203,341</u>	<u>39,826</u>	<u>-</u>	<u>243,167</u>
Cash Disbursements				
Current:				
Security of Persons and Property	26,533	-	-	26,533
Public Health Services	1,212	-	-	1,212
Leisure Time Activities	64,510	-	-	64,510
Community Environment	1,409	-	-	1,409
Transportation	-	19,342	-	19,342
General Government	<u>95,802</u>	<u>219</u>	<u>-</u>	<u>96,021</u>
Debt Service:				
Principal Retirement	<u>2,914</u>	<u>2,914</u>	<u>3,309</u>	<u>9,137</u>
<i>Total Cash Disbursements</i>	<u>192,380</u>	<u>22,475</u>	<u>3,309</u>	<u>218,164</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,961</u>	<u>17,351</u>	<u>(3,309)</u>	<u>25,003</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	3,309	3,309
Transfers Out	<u>(3,309)</u>	<u>-</u>	<u>-</u>	<u>(3,309)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,309)</u>	<u>-</u>	<u>3,309</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>7,652</u>	<u>17,351</u>	<u>-</u>	<u>25,003</u>
<i>Fund Cash Balances, January 1</i>	<u>58,772</u>	<u>90,436</u>	<u>1,401</u>	<u>150,609</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 66,424</u>	<u>\$ 107,787</u>	<u>\$ 1,401</u>	<u>\$ 175,612</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary</u>	<u>Enterprise</u>
Non-Operating Receipts (Disbursements)		
Special Assessments	\$ 145,414	
Principal Retirement	(50,281)	
Interest and Other Fiscal Charges	<u>(52,904)</u>	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>42,229</u>	
<i>Net Change in Fund Cash Balances</i>	42,229	
<i>Fund Cash Balances, January 1</i>	<u>308,102</u>	
<i>Fund Cash Balances, December 31</i>	<u>\$ 350,331</u>	

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

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 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 governmental services, including street lighting, recreation center, water and sewer utilities, park operations and police services. The Village contracts with members of the Allen County Sheriff's department to provide security of persons and property. The Village contracts with Cairo/Monroe Village 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.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in a jointly governed organization and 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 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 public entity risk pool is the Public Entities Pool of Ohio for insurance purposes (non-health related insurance). Note 6 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

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 fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway The State highway 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 a stat highway within the Village.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permissive Motor Vehicle License Tax The permissive motor vehicle license tax fund receives proceeds of a County and State levied license fee for construction, maintaining and repairing Village streets.

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 no capital project funds.

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 designed, funding applications and project coordination. The money was transferred from the General Fund to the Main Street Capital Project Fund to cover the expenses for the project. OPWC awarded the Village a loan at zero percent interest for the balance of this project. The payments are made twice a year.

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 The sewer fund receives assessments, which are used to pay debt obligations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

Leases

The Village is the lessee in a tractor lease (as defined by GASB 87) related to vehicles under noncancelable leases. Lease disbursement is recognized when it is paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 193,176	\$ 203,341	\$ 10,165
Special Revenue	56,070	39,826	(16,244)
Capital Projects	3,309	3,309	0
Enterprise	139,000	145,414	6,414
Total	\$ 391,555	\$ 391,890	\$ 335

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 236,165	\$ 198,172	\$ 37,993
Special Revenue	119,924	22,475	97,449
Capital Projects	4,309	3,309	1,000
Enterprise	169,347	103,185	66,162
Total	\$ 529,745	\$ 327,141	\$ 202,604

Note 4 – Deposits and Investments

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

	2023
Cash Management Pool:	
Demand deposits	\$ 525,943
<i>Total carrying amount of deposits held in the Pool</i>	<u><u>\$ 525,943</u></u>

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (Continued)

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

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.

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) or the State of Ohio, either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Sedgewick provides administrative, cost control and actuarial services to the GRP.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (Continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions;
- Public official's liability; and
- Vehicles

Risk Pool Membership

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 official's 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:

	2023
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (Continued)

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, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
USDA - Water Loan #03 (2013)	\$ 1,401,400	2.75%
OPWC - Main St. Loan #CT37S	84,370	0.00%
Union Bank - Sewer Loan (2020)	335,578	3.75%
AGCO Finance LLC Tractor (2023)	21,299	0.00%
Total	<u>\$ 1,842,647</u>	

The United States Department of Agriculture Rural Development (USDA) 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 refinanced this loan with the Union Bank in November, 2020 and secured a lower interest rate of 3.75%. The Village agreed to make annual installments of principal and interest payments over 18 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 Debt Service fund at December 31, 2023 is \$42,185. The balance in the Sewer Fund at December 31, 2023 is \$31,870. With the lower interest rate and previous OPWC loans paid off, the Village hopes to pay off this sewer loan in 10 years instead of 18.

The United States Department of Agriculture Rural Development (USDA) 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 Debt Service fund at December 31, 2023 is \$69,300. The balance in the water fund at December 31, 2023 is \$165,889.83.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

The Ohio Public Works Commission (OPWC) loan #CT37S, entered into on September 4, 2018 with the loan initialized in 2018 in the amount of \$99,259.25 at 0% interest, was for the reconstruction of Main Street in the Village of Cairo. The Village agreed to make semiannual installments of \$1,654.32 over 30 years beginning January 2019 and the final maturity date being July 2048. This loan is to be paid with General Fund dollars. The Village has agreed to cover debt service requirements.

The AGCO Finance LLC, entered into on July 18, 2023, with a trade in of the previously purchased tractor and implements (mower deck, grader scraper and backhoe) for a new smaller tractor and mower deck, the initialized loan amount of \$22,913 with 0% interest was for the purchase of a 2023 Massey Ferguson tractor and mower deck. The Village agreed to make monthly payments of \$322 over 6 years. This loan is to be paid with General Fund and Street Construction, Maintenance and Repair Fund dollars. The Village has agreed to cover debt service requirements.

Financed Purchases

The Village has entered into financed purchases agreements for other equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$1,614 to pay these costs for the fiscal year ended December 31, 2023.

Amortization

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

Year Ending December 31:	Financed Purchases (AGCO Tractor)	USDA Water Loan	OPWC Main St. Loan	Union Bank Sewer Loan
2024	\$ 3,873	\$ 69,138	\$ 3,309	\$ 33,828
2025	3,873	69,297	3,309	33,828
2026	3,873	69,128	3,309	33,828
2027	3,873	69,240	3,309	33,828
2028	3,873	69,224	3,309	33,828
2029-2033	1,934	345,990	16,543	169,139
2034-2038	-	346,134	16,543	169,139
2039-2043	-	345,960	16,543	-
2044-2048	-	346,106	16,543	-
2049-2053	-	346,012	1,653	-
Total	<u>\$ 21,299</u>	<u>\$ 2,076,229</u>	<u>\$ 84,370</u>	<u>\$ 507,418</u>

Note 10 – Jointly Governed Organizations

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.

Village of Cairo
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 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.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General
Outstanding Encumbrances	<u>\$ 2,483</u>
Total	<u>\$ 2,483</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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
PO Box 198
Cairo, Ohio 45820

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Village of Cairo, Allen County, Ohio (the Village) and have issued our report thereon dated June 10, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Village of Cairo
Allen County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

Purpose of This Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 10, 2025

**VILLAGE OF CAIRO
ALLEN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

FINDING NUMBER 2024-001

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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.

1. "Then and Now" certificate - 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of 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 expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 35% of the expenditures tested for 2024 and 23% of the expenditures tested in 2023.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

VILLAGE OF CAIRO
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

FINDING NUMBER 2024-001 (Continued)

Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: Officials did not provide a response to this finding.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CAIRO

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/7/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov