

VILLAGE OF CAIRO, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY AND OTHER INFORMATION**

September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Cairo, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the Village of Cairo, Nebraska as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the Village of Cairo, Nebraska, as of September 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Cedar Rapids, Nebraska 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental fund financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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A PROFESSIONAL
CORPORATION

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash and accrual basis of accounting described in Note A, and for determining that the modified cash and accrual basis of accounting are acceptable basis for the preparation of the financial statements in the circumstances. 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 Village of Cairo'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Village of Cairo, Nebraska'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 Village of Cairo, Nebraska'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Cairo, Nebraska's financial statements. The statement of general fund departmental revenue and expenditures are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the management's discussion and analysis and budgetary comparison schedules, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023, on our consideration of the Village of Cairo, Nebraska's internal control over financial reporting and on 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 of Cairo'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 of Cairo, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
February 10, 2023

**VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2022**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Cairo, we offer readers of the Village of Cairo financial statements this narrative overview and analysis of the financial activities of the Village of Cairo for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets of the Village of Cairo exceeded its liabilities at the close of the most recent fiscal year by \$3,654,903 (*net position*). Of this amount, *unrestricted net position*, which may be used to meet the government's ongoing obligations to citizens and creditors, has a balance of \$894,181.
- As of the close of the current fiscal year, the Village of Cairo's governmental activities reported combined ending net position of \$2,282,844. The *unrestricted net position* had a deficit balance of \$(148,624).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a deficit of \$(185,079).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Cairo's financial statements. The Village of Cairo's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Cairo's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Cairo's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Cairo is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

Both of the government-wide financial statements distinguish functions of the Village of Cairo that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Cairo include general government, public safety, streets, and culture and recreation. The business-type activities of the Village of Cairo include the Sewer, Water, and Landfill Enterprise Funds.

The government-wide financial statements include not only the Village of Cairo itself (known as the *primary government*), but also a legally separate Community Redevelopment Authority for which the Village of Cairo is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Cairo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Cairo can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Cairo maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Debt Service Fund, and the Sales Tax Fund, all of which are considered to be major funds.

The Village of Cairo adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, Debt Service and Sales Tax Funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15-18 of this report.

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

Proprietary funds. The Village of Cairo maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Cairo uses enterprise funds to account for its Sewer, Water, and Landfill Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Landfill Funds, all of which are considered to be major funds of the Village of Cairo.

The proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-48 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the Village of Cairo's budgetary comparison schedules and general fund revenues and expenditures by department. Supplementary and other information can be found on pages 49-53 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Cairo, assets exceeded liabilities by \$3,654,903 at the close of the most recent fiscal year.

Summary Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 2,030,698	\$ 1,652,472	\$ 378,226
Capital Assets	<u>3,602,815</u>	<u>3,838,939</u>	<u>(236,124)</u>
Total Assets	5,633,513	5,491,411	142,102
Long-term Liabilities	1,668,973	1,982,365	(313,392)
Other Liabilities	<u>342,920</u>	<u>325,628</u>	<u>17,292</u>
Total Liabilities	<u>2,011,893</u>	<u>2,307,993</u>	<u>(296,100)</u>
Net Position:			
Net Investment in Capital Assets	1,624,308	1,556,439	67,869
Restricted	1,136,414	1,165,961	(29,547)
Unrestricted	<u>894,181</u>	<u>461,018</u>	<u>433,163</u>
Total Net Position	<u><u>\$ 3,654,903</u></u>	<u><u>\$ 3,183,418</u></u>	<u><u>\$ 471,485</u></u>

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

By far the largest portion of the Village of Cairo's net position (44.4 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The Village of Cairo uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Cairo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Cairo's net position (31.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$894,181) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Cairo is able to report positive balances in all three categories of net position for the government as a whole. However, the unrestricted governmental net position was a deficit of \$(148,624).

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year ended September 30, 2022</u>		<u>Year ended September 30, 2021</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 46,865	\$ 218,254	\$ 40,243	\$ 243,936
Public Safety	-	125,429	-	21,786
Public Works	-	111,169	-	153,054
Environment and Leisure	35,143	123,830	30,538	113,984
Community Development	-	65,560	-	3,965
Interest	-	9,822	-	12,371
Depreciation	-	180,812	-	188,796
Total	<u>82,008</u>	<u>834,876</u>	<u>70,781</u>	<u>737,892</u>
Interfund Transfer	-	(16,917)	-	10,603
	<u>\$ 82,008</u>	<u>\$ 817,959</u>	<u>\$ 70,781</u>	<u>\$ 748,495</u>

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

Revenues by Source – Governmental Activities

<u>Sources of Revenue</u>	<u>Year ended September 30, 2022</u>		<u>Year ended September 30, 2021</u>	
Charges for Services	\$ 73,498	7.80 %	\$ 69,481	7.57 %
Operating Grants and Contributions	6,560	0.70	-	-
Capital Grants and Contributions	1,950	0.21	1,300	0.14
Property Taxes	356,082	37.81	314,648	34.27
Motor Vehicle Taxes	20,869	2.22	19,254	2.10
TIF Proceeds	43,353	4.60	122,836	13.38
Franchise Taxes	97,733	10.38	98,990	10.78
Sales Tax	110,111	11.69	105,174	11.46
State Allocation	140,026	14.87	144,837	15.78
Gain on Sale of Equipment	4,473	0.47	-	-
Miscellaneous	82,897	8.80	38,407	4.18
Interest	4,303	0.46	3,178	0.35
Total	<u>\$ 941,855</u>	<u>100.00 %</u>	<u>\$ 918,105</u>	<u>100.00 %</u>

Net position increased \$123,896 in the governmental activities during the year ended September 30, 2022.

Business-type activities. Business-type activities increased the Village of Cairo's net position by \$347,589 during the year ended September 30, 2022, as shown below:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year ended September 30, 2022</u>		<u>Year ended September 30, 2021</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Sewer	\$ 251,231	\$ 140,705	\$ 193,167	\$ 136,714
Water	245,593	143,710	302,223	157,030
Landfill	71,754	73,014	68,599	70,007
Total	<u>\$ 568,578</u>	<u>\$ 357,429</u>	<u>\$ 563,989</u>	<u>\$ 363,751</u>

Revenues by Source – Business-type Activities

<u>Sources of Revenue</u>	<u>Year ended September 30, 2022</u>		<u>Year ended September 30, 2021</u>	
Charges for Services	\$ 498,491	70.71 %	\$ 493,902	85.95 %
Capital Grants	70,087	9.94	70,087	12.20
Interest Income	952	0.14	70	0.01
Gain on Sale of Equipment	152,405	21.62	-	-
Interfund Transfer	(16,917)	(2.40)	10,603	1.85
Total	<u>\$ 705,018</u>	<u>100.00 %</u>	<u>\$ 574,662</u>	<u>100.00 %</u>

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

Financial Analysis of the Government's Funds

As noted earlier, the Village of Cairo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village of Cairo's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Cairo's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2022, the Village of Cairo's governmental funds reported combined ending fund balances of \$809,962. The *unassigned fund balance*, which is available for spending at the government's discretion, was a deficit of \$(185,079). The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$235,965), 2) restricted for community development (\$470,949), or 3) restricted for street improvements (\$288,127).

The General Fund is the chief operating fund of the Village of Cairo. As of September 30, 2022, the unassigned and total fund balance of the General Fund were both a deficit of \$(185,079).

The fund balance of the Village of Cairo's General Fund increased \$152,664 during the year ended September 30, 2022.

Proprietary funds. The Village of Cairo's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds as of September 30, 2022, were as follows: Sewer Fund - \$472,494, Water Fund - \$534,699, and Landfill Fund - \$35,612. The changes in net position for the proprietary funds were as follows: Sewer Fund - increase of \$192,654, Water Fund - increase of \$156,195, and Landfill Fund - decrease of \$1,260. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Village of Cairo's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original budget and the final adopted budget.

Capital Asset and Debt Administration

Capital Assets. The Village of Cairo's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$3,602,815 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, equipment, vehicles, and streets.

VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

Significant capital asset activity (greater than \$10,000) during the current fiscal year included the following:

- Industrial park paving - \$17,190
- Sewer lining - \$24,460

Village of Cairo's Capital Assets
(net of depreciation)

	Year ended September 30, 2022			Year ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,559	\$ 215,970	\$ 262,529	\$ 46,559	\$ 234,440	\$ 280,999
Infrastructure	1,401,548	-	1,401,548	1,504,406	-	1,504,406
Buildings and Improvements	181,477	-	181,477	208,681	-	208,681
Distribution Systems	-	1,637,692	1,637,692	-	1,706,578	1,706,578
Equipment	88,934	30,635	119,569	106,279	31,996	138,275
Total	<u>\$ 1,718,518</u>	<u>\$ 1,884,297</u>	<u>\$ 3,602,815</u>	<u>\$ 1,865,925</u>	<u>\$ 1,973,014</u>	<u>\$ 3,838,939</u>

Additional information on the Village of Cairo's capital assets can be found in Note C4 on pages 38-40 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Cairo had the following long-term debt outstanding:

Village of Cairo's Outstanding Debt

	Year ended September 30, 2022			Year ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 282,091	\$ 682,909	\$ 965,000	\$ 418,295	\$ 791,705	\$ 1,210,000
Notes payable	-	1,013,507	1,013,507	-	1,072,500	1,072,500
Total	<u>\$ 282,091</u>	<u>\$ 1,696,416</u>	<u>\$ 1,978,507</u>	<u>\$ 418,295</u>	<u>\$ 1,864,205</u>	<u>\$ 2,282,500</u>

The Village of Cairo does not have a bond rating.

Additional information on the Village of Cairo's long-term debt can be found in Note C5 on pages 41-45 of this report.

**VILLAGE OF CAIRO, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022**

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2023, increased \$28,855 (9.3 percent) to \$339,355.

Request for Information

This financial report is designed to provide a general overview of the Village of Cairo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk, Village of Cairo, P.O. Box 456, Cairo, NE 68824.

**VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF NET POSITION**

September 30, 2022

	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (197,157)	\$ 913,875	\$ 716,718	\$ 12,726
County treasurer cash	14,738	-	14,738	-
Accounts receivable	-	149,895	149,895	-
Unbilled revenue	-	3,025	3,025	-
Prepaid expenses	-	4,145	4,145	-
Current portion of notes receivable	3,172	0	3,172	-
Current portion of TIF receivables	-	-	-	3,172
Inventory	-	2,591	2,591	-
Total current assets	(179,247)	1,073,531	894,284	15,898
Noncurrent assets:				
Restricted cash and cash equivalents	995,041	141,373	1,136,414	-
Noncurrent portion of TIF receivables	-	-	-	33,282
Long-term portion of notes receivable	33,283	-	33,283	
Capital assets:				
Land	46,559	215,970	262,529	-
Other capital assets, net of depreciation	1,671,959	1,668,327	3,340,286	-
Net capital assets	1,718,518	1,884,297	3,602,815	-
Total noncurrent assets	2,746,842	2,025,670	4,772,512	33,282
Total assets	2,567,595	3,099,201	5,666,796	49,180
LIABILITIES				
Current liabilities:				
Accounts payable	-	16,204	16,204	-
Payroll withholding	2,660	4,112	6,772	-
Accrued expenses	-	6,159	6,159	-
Sales tax payable	-	971	971	-
Customer deposits	-	3,280	3,280	-
Current portion of long-term obligations	138,091	171,443	309,534	3,172
Total current liabilities	140,751	202,169	342,920	3,172
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	144,000	1,524,973	1,668,973	33,283
Total liabilities	284,751	1,727,142	2,011,893	36,455
NET POSITION				
Net investment in capital assets	1,436,427	187,881	1,624,308	-
Restricted for:				
Street expenses	288,127	-	288,127	-
Debt service	235,965	46,917	282,882	-
Federal grant expenses	-	94,456	94,456	-
Community development	470,949	-	470,949	-
Unrestricted	(148,624)	1,042,805	894,181	12,725
Total net position	\$ 2,282,844	\$ 1,372,059	\$ 3,654,903	\$ 12,725

See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities (modified cash basis):			
General government	\$ 218,254	\$ 40,305	\$ 6,560
Public safety	125,429	-	-
Public works	111,169	-	-
Environment and leisure	123,830	33,193	-
Community development	65,560	-	-
Interest on long-term debt	9,822	-	-
Depreciation - unallocated	180,812	-	-
Total governmental activities	834,876	73,498	6,560
Business-type activities (accrual basis):			
Sewer	140,705	181,144	-
Water	143,710	245,593	-
Landfill	73,014	71,754	-
Total business-type activities	357,429	498,491	-
Total primary government	\$ 1,192,305	\$ 571,989	\$ 6,560
Component unit (accrual basis):			
Community Redevelopment Authority	\$ 37,212	\$ -	\$ -

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
<u>Capital Grants and Contributions</u>				
\$ -	\$ (171,389)		\$ (171,389)	
-	(125,429)		(125,429)	
-	(111,169)		(111,169)	
1,950	(88,687)		(88,687)	
-	(65,560)		(65,560)	
-	(9,822)		(9,822)	
-	(180,812)		(180,812)	
<u>1,950</u>	<u>(752,868)</u>	<u>\$ -</u>	<u>(752,868)</u>	
70,087	-	110,526	110,526	
-	-	101,883	101,883	
-	-	(1,260)	(1,260)	
<u>70,087</u>	<u>-</u>	<u>211,149</u>	<u>211,149</u>	
<u>\$ 72,037</u>	<u>(752,868)</u>	<u>211,149</u>	<u>(541,719)</u>	
<u>\$ -</u>				\$ (37,212)
General revenues:				
Taxes:				
Property	356,082	-	356,082	-
Motor vehicle	20,869	-	20,869	-
TIF proceeds	43,353	-	43,353	-
Franchise	97,733	-	97,733	-
Sales tax	110,111	-	110,111	-
State allocation	140,026	-	140,026	-
Loss on sale of equipment	4,473	152,405	156,878	-
Miscellaneous	82,897	-	82,897	-
Interest income	4,303	952	5,255	-
Interfund transfer	16,917	(16,917)	-	-
Total general revenues	<u>876,764</u>	<u>136,440</u>	<u>1,013,204</u>	<u>-</u>
Change in net position	123,896	347,589	471,485	(37,212)
Net position - September 30, 2021	<u>2,158,948</u>	<u>1,024,470</u>	<u>3,183,418</u>	<u>49,937</u>
Net position - September 30, 2022	<u>\$ 2,282,844</u>	<u>\$ 1,372,059</u>	<u>\$ 3,654,903</u>	<u>\$ 12,725</u>

**VILLAGE OF CAIRO, NEBRASKA
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS**

September 30, 2022

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Sales Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ (191,141)	\$ 286,938	\$ 231,138	\$ 470,949	\$ 797,884
County treasurer cash	8,722	1,189	4,827	-	14,738
Total assets	<u><u>\$ (182,419)</u></u>	<u><u>\$ 288,127</u></u>	<u><u>\$ 235,965</u></u>	<u><u>\$ 470,949</u></u>	<u><u>\$ 812,622</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Payroll withholding	\$ 2,660	\$ -	\$ -	\$ -	\$ 2,660
Fund balances:					
Restricted for:					
Street improvements	-	288,127	-	-	288,127
Debt service	-	-	235,965	-	235,965
Community development	-	-	-	470,949	470,949
Unassigned	(185,079)	-	-	-	(185,079)
Total fund balances	<u>(185,079)</u>	<u>288,127</u>	<u>235,965</u>	<u>470,949</u>	<u>809,962</u>
Total liabilities and fund balances	<u><u>\$ (182,419)</u></u>	<u><u>\$ 288,127</u></u>	<u><u>\$ 235,965</u></u>	<u><u>\$ 470,949</u></u>	<u><u>\$ 812,622</u></u>

See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2022

Total fund balances - governmental funds	\$ 809,962
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$5,150,133 and the accumulated depreciation is \$3,431,615.	1,718,518
---	-----------

Notes receivable are not due and receivable in the current period and therefore not reported as assets in the funds.	36,455
--	--------

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. General obligation bonds and notes payable at year end.	<u>(282,091)</u>
--	------------------

Total net position - governmental activities	<u><u>\$ 2,282,844</u></u>
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See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

For the year ended September 30, 2022

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Sales Tax Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 222,564	\$ 29,219	\$ 104,299	\$ -	\$ 356,082
Motor vehicle	20,869	-	-	-	20,869
Franchise	97,733	-	-	-	97,733
Sales tax	-	23,695	-	86,416	110,111
TIF proceeds	-	-	6,898	-	6,898
Intergovernmental	8,785	131,241	-	-	140,026
Charges for services	73,318	180	-	-	73,498
Grant revenue	6,560	-	-	-	6,560
Contributions	1,950	-	-	-	1,950
Interest income	3,453	-	-	850	4,303
Gain on sale of equipment	4,473	-	-	-	4,473
Other	61,428	21,469	-	-	82,897
Total revenues	<u>501,133</u>	<u>205,804</u>	<u>111,197</u>	<u>87,266</u>	<u>905,400</u>
EXPENDITURES					
General government	218,254	-	-	-	218,254
Public safety	125,429	-	-	-	125,429
Public works	13,290	97,879	-	-	111,169
Environment and leisure	122,907	-	-	-	122,907
Community development	-	-	-	65,560	65,560
Capital outlay	17,138	17,190	-	-	34,328
Principal payments on debt	-	6,000	130,204	-	136,204
Interest and fees on long-term debt	-	891	8,931	-	9,822
Total expenditures	<u>497,018</u>	<u>121,960</u>	<u>139,135</u>	<u>65,560</u>	<u>823,673</u>
Excess (deficiency) of revenues over expenditures before transfers	4,115	83,844	(27,938)	21,706	81,727
INTERFUND TRANSFERS:					
Transfers from (to) other funds	<u>148,549</u>	<u>72,766</u>	<u>(204,398)</u>	<u>-</u>	<u>16,917</u>
Net change in fund balances	152,664	156,610	(232,336)	21,706	98,644
Fund balances - September 30, 2021	<u>(337,743)</u>	<u>131,517</u>	<u>468,301</u>	<u>449,243</u>	<u>711,318</u>
Fund balances - September 30, 2022	<u><u>\$ (185,079)</u></u>	<u><u>\$ 288,127</u></u>	<u><u>\$ 235,965</u></u>	<u><u>\$ 470,949</u></u>	<u><u>\$ 809,962</u></u>

See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

Total net change in fund balances - governmental funds	\$ 98,644
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Amounts reported for *governmental activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$33,405) was exceeded by depreciation expense (\$180,812) in the period.	(147,407)
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The receipt of note receivables reported as revenue in the governmental funds, but the receipt increases note receivable in the statement of net position.	36,455
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>136,204</u>
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Change in net position of governmental activities	<u><u>\$ 123,896</u></u>
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See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2022

	Enterprise Funds			
	<u>Sewer</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Landfill</u> <u>Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 366,698	\$ 513,027	\$ 34,150	\$ 913,875
Accounts receivable	114,133	29,665	6,097	149,895
Prepaid expenses	-	4,145	-	4,145
Unbilled revenue	1,127	1,481	417	3,025
Inventory	-	2,591	-	2,591
Total current assets	<u>481,958</u>	<u>550,909</u>	<u>40,664</u>	<u>1,073,531</u>
Noncurrent assets:				
Restricted cash and cash equivalents	94,456	46,917	-	141,373
Capital assets:				
Land	151,860	64,110	-	215,970
Distribution and collection systems	2,191,316	2,575,771	-	4,767,087
Equipment	88,517	25,196	-	113,713
Less accumulated depreciation	<u>(1,203,106)</u>	<u>(2,009,367)</u>	<u>-</u>	<u>(3,212,473)</u>
Net capital assets	<u>1,228,587</u>	<u>655,710</u>	<u>-</u>	<u>1,884,297</u>
Total noncurrent assets	<u>1,323,043</u>	<u>702,627</u>	<u>-</u>	<u>2,025,670</u>
Total assets	1,805,001	1,253,536	40,664	3,099,201
LIABILITIES				
Current liabilities:				
Accounts payable	4,785	6,421	4,998	16,204
Accrued payroll and vacation	1,988	2,070	54	4,112
Accrued interest	1,840	4,319	-	6,159
Sales tax payable	851	120	-	971
Customer deposits	-	3,280	-	3,280
Current portion of long-term obligations	<u>57,246</u>	<u>114,197</u>	<u>-</u>	<u>171,443</u>
Total current liabilities	<u>66,710</u>	<u>130,407</u>	<u>5,052</u>	<u>202,169</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	<u>868,127</u>	<u>656,846</u>	<u>-</u>	<u>1,524,973</u>
Total liabilities	934,837	787,253	5,052	1,727,142
NET POSITION				
Net investment in capital assets	303,214	(115,333)	-	187,881
Restricted for debt service	-	46,917	-	46,917
Restricted for federal grants	94,456	-	-	94,456
Unrestricted	<u>472,494</u>	<u>534,699</u>	<u>35,612</u>	<u>1,042,805</u>
Total net position	<u>\$ 870,164</u>	<u>\$ 466,283</u>	<u>\$ 35,612</u>	<u>\$ 1,372,059</u>

See notes to financial statements.

VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2022

	Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Landfill</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Operating revenues:				
Sales	\$ 180,155	\$ 240,244	\$ 70,384	\$ 490,783
Rent income	935	298	-	1,233
Other revenue	54	5,051	1,370	6,475
Total operating revenues	<u>181,144</u>	<u>245,593</u>	<u>71,754</u>	<u>498,491</u>
Operating expenses:				
Personnel	36,058	40,070	3,636	79,764
Contract services	-	2,415	62,063	64,478
Insurance	-	6,906	-	6,906
Meetings, seminars, and dues	663	1,184	-	1,847
Repairs and maintenance	33,163	8,302	2,863	44,328
Utilities	2,159	19,040	-	21,199
Supplies	3,030	4,041	147	7,218
Miscellaneous	51	2,286	4,305	6,642
Depreciation	57,512	44,867	-	102,379
Total operating expenses	<u>132,636</u>	<u>129,111</u>	<u>73,014</u>	<u>334,761</u>
Operating income (loss)	48,508	116,482	(1,260)	163,730
Nonoperating revenues (expenses):				
Interest income	848	104	-	952
Federal grant revenue	70,087	-	-	70,087
Gain on disposal of assets	152,405	-	-	152,405
Interest expense	(5,893)	(12,613)	-	(18,506)
Loan administration fees	(2,176)	(1,986)	-	(4,162)
Total nonoperating revenues (expenses)	<u>215,271</u>	<u>(14,495)</u>	<u>-</u>	<u>200,776</u>
Excess (deficiency) of revenues over expenditures before transfers	263,779	101,987	(1,260)	364,506
Interfund transfers:				
Transfers from (to) other funds	<u>(71,125)</u>	<u>54,208</u>	<u>-</u>	<u>(16,917)</u>
Change in net position	192,654	156,195	(1,260)	347,589
Net position - September 30, 2021	<u>677,510</u>	<u>310,088</u>	<u>36,872</u>	<u>1,024,470</u>
Net position - September 30, 2022	<u>\$ 870,164</u>	<u>\$ 466,283</u>	<u>\$ 35,612</u>	<u>\$ 1,372,059</u>

See notes to financial statements.

**VILLAGE OF CAIRO, NEBRASKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2022

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 84,520
Payments to suppliers	(34,454)
Payments to employees	(35,766)
Net cash provided (used) by operating activities	<u>14,300</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Interfund transfers	(71,125)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(28,296)
Proceeds from sale of assets	170,875
Grant proceeds	70,087
Payment of loan fees	(2,176)
Principal payments on capital debt	(57,021)
Interest paid on capital debt	(6,022)
Net cash provided (used) by capital and related financing activities	<u>147,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in restricted cash	(24,369)
Interest income received	848
Net cash used by investing activities	<u>(23,521)</u>
Increase (decrease) in cash and cash equivalents	67,101
Cash and cash equivalents - beginning of the year	<u>299,597</u>
Cash and cash equivalents - end of the year	<u><u>\$ 366,698</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 48,508
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	57,512
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	(96,624)
Prepaid expenses	-
Inventories	-
Accounts payable	4,609
Accrued payroll and vacation	292
Sales tax payable	3
Customer deposits	-
Net cash provided (used) by operating activities	<u><u>\$ 14,300</u></u>

See notes to financial statements.

Enterprise Funds		
Water Fund	Landfill Fund	Total
\$ 237,824	\$ 71,260	\$ 393,604
(41,539)	(68,624)	(144,617)
(39,755)	(3,622)	(79,143)
<u>156,530</u>	<u>(986)</u>	<u>169,844</u>
54,208	-	(16,917)
(3,836)	-	(32,132)
-	-	170,875
-	-	70,087
(1,986)	-	(4,162)
(110,768)	-	(167,789)
(12,903)	-	(18,925)
<u>(129,493)</u>	<u>-</u>	<u>17,954</u>
(104)	-	(24,473)
104	-	952
<u>-</u>	<u>-</u>	<u>(23,521)</u>
81,245	(986)	147,360
431,782	35,136	766,515
<u>\$ 513,027</u>	<u>\$ 34,150</u>	<u>\$ 913,875</u>
\$ 116,482	\$ (1,260)	\$ 163,730
44,867	-	102,379
(7,949)	(494)	(105,067)
(200)	-	(200)
576	-	576
3,555	754	8,918
315	14	621
(1,296)	-	(1,293)
180	-	180
<u>\$ 156,530</u>	<u>\$ (986)</u>	<u>\$ 169,844</u>

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Cairo, Nebraska (Village) are prepared in accordance with the modified cash basis of accounting for governmental funds and the accrual basis for the proprietary funds and the discretely presented component unit. The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

1. Financial Reporting Entity

The Village operates under a Village Board form of government with an elected legislative body, the Village Board, composed of five members. The Board President is elected by the Village Board annually, and the five members of the Village Board are elected on four-year terms. The administration of the Village government is performed under the direction of the Board by the Village Clerk. Services provided to residents include public safety, streets, parks, recreation, water and sanitary sewer systems, garbage collection, and general administrative services.

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Cairo
Discretely Presented Component Unit:	Cairo Community Redevelopment Authority

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the Village may be financially accountable, and, as such, should be included within the Village's financial statements. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Village Board or the component unit provides services entirely to the Village. These component units' funds are blended into those of the Village by appropriate activity type to compose the primary government presentation. Currently, the Village has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following is the discretely presented component unit:

	<u>Brief Description of Activities and Relationship to the Village</u>
Cairo Community Redevelopment Authority	Created to provide for development of blighted areas.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the general long-term debt of the Village other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the Village's obligations.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

<u>Fund</u>	<u>Brief Description</u>
<i><u>Major:</u></i>	
Governmental:	
General	See page 25 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the Village's share of highway allocation from the State of Nebraska.
Debt Service Fund	See page 25 for description.
Sales Tax Fund	The Sales Tax Fund is a Special Revenue Fund that accounts for local sales tax collected.
Proprietary:	
Enterprise:	
Sewer, Water, and Landfill	See above for description.

Nonmajor:

None

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b, below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets. Right of use assets and related lease liabilities, as defined by GASB 87, are not reflected in the accompanying modified cash basis financial statements.

Business-type activities and the discretely presented component unit are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

All proprietary funds and the discretely presented component unit utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Certificates of Deposit

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the Village.

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and investment disclosures are presented in Notes B2, C1, and D1.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Special assessment receivables are offset by an unearned revenue liability, as revenue is recognized when assessments are collected. Business-type activities report utility billings as their major receivables. The component unit reports tax increment financing (TIF) receivables as its only receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. The Village does not record an allowance for uncollectible accounts receivable, as it deems all accounts receivable as collectible.

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Restricted Assets

Restricted assets include cash and cash equivalents that are legally restricted as to their use. The primary restricted asset is a debt service reserve for the proprietary fund. The governmental funds have cash balances restricted for debt service, street expenses and community development.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are reported on the Statement of Net Position. The Village has a \$1,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The Village has elected the depreciation approach for reporting infrastructure.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

Depreciation of governmental capital assets is recorded as an unallocated expense in the Statement of Activities. Depreciation for all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Infrastructure	15-25 years
Buildings and Improvements	15-25 years
Equipment	5-10 years
Vehicles	5 years
Utility Distribution Systems	20-40 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

The Village's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. In the event of termination, an employee is paid for all unused accumulated vacation time. Accumulated vacation time is accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Effective October 1, 2010, the Village adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Village Charter, Village Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by Village Board ordinance or resolution.

Assigned—Amounts that are designated by Management for a specific purpose but are not spendable until a budget ordinance is passed by the Village Board.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Village Board or the Assignment has been changed by Management. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Property Taxes

The Village has the power to levy taxes each year sufficient to pay any judgment existing against the Village, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Hall County are certified by the County Board on or before October 20. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2021-2022 are recorded as revenue when received by the County.

Sales and Use Tax

The Village levies a one percent sales tax on taxable sales within the Village. The sales tax is collected by the Nebraska Department of Revenue and remitted to the Village in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Sales tax is used for community development. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Village and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the Village's compliance with significant laws and regulations and demonstration of its stewardship over Village resources follows:

1. Fund Accounting Requirements

The Village complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Village include Special Revenue and Debt Service Funds.

2. Deposit Laws and Regulations

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Village's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The Village's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any bank deposits in excess of the FDIC limits are insured by collateral held by the pledging institution in the Village's name.

3. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

4. Debt Restrictions and Covenants

Bonds Payable

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are finance-related. These include covenants such as debt service coverage requirements and required reserve account balances. The Village is in compliance with the bond restrictions and covenants.

5. Budgetary Data

The Village is required by state laws to adopt annual budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditure and/or tax levy limitations.

The Village follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before September 30, the Village prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 30, the Village Board adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the Village which levied property taxes in the county the previous year based on the combined valuation and amount required for the Village the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before November 1. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The Village of Cairo adopts a budget by resolution for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the financial statements for the Village's various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Certificates of Deposit

Deposits

The Village's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2022. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Village (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Village's name; or collateralized with no written or approved collateral agreement.

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

1. Cash and Certificates of Deposit, continued

Deposits, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 1,871,951	\$ 500,000	\$ 1,371,951	\$ -	\$ <u>1,865,858</u>
Reconciliation to Government-wide Statement of Net Position:					
Primary Government –					
Unrestricted cash and cash equivalents					\$ 716,718
Restricted cash and cash equivalents					<u>1,136,414</u>
Total primary government					1,853,132
Component Unit –					
Unrestricted cash and cash equivalents					<u>12,726</u>
					\$ <u>1,865,858</u>

2. Restricted Assets

The restricted assets as of September 30, 2022, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 995,041	\$ 141,373	\$ 1,136,414
County treasurer cash	<u>6,016</u>	<u>-</u>	<u>6,016</u>
Total restricted assets	\$ <u>1,001,057</u>	\$ <u>141,373</u>	\$ <u>1,142,430</u>

Governmental restricted cash consists of \$286,938 restricted for street improvements, \$231,168 restricted for debt service, and \$470,949 restricted for community development. Governmental restricted county treasurer cash consists of \$1,189 for street improvements and \$4,827 for debt service.

Restricted cash in the sewer fund consists of \$94,456 restricted for federal projects.

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

3. TIF Receivables and Payables

	<u>TIF Receivable</u>	<u>TIF Payable</u>
In 2019, the CRA entered into a TIF agreement with the Village to extend utility services and streets for the Cairo Business Park. Under terms of the agreement, the CRA will collect TIF receipts and remit collections to the Village to make debt service payments on the G.O. bond issue related to the project.	\$ <u>36,455</u>	\$ <u>36,455</u>
Current portion	\$ 3,172	\$ 3,172
Noncurrent portion	<u>33,283</u>	<u>33,283</u>
Totals	\$ <u>36,455</u>	\$ <u>36,455</u>

4. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Balance at October 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at September 30, 2022</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 46,559	\$ -	\$ -	\$ -	\$ 46,559
Other capital assets being depreciated:					
Infrastructure	3,361,754	24,347	-	-	3,386,101
Buildings and improvements	1,288,631	4,450	-	-	1,293,081
Equipment	343,184	4,608	(3,046)	-	344,746
Vehicles	79,646	-	-	-	79,646
Total other capital assets at historical cost	5,073,215	33,405	(3,046)	-	5,103,574
Less accumulated depreciation for:					
Infrastructure	(1,857,348)	(127,205)	-	-	(1,984,553)
Buildings and improvements	(1,079,950)	(31,654)	-	-	(1,111,604)
Equipment	(236,907)	(21,953)	3,046	-	(255,814)
Vehicles	(79,644)	-	-	-	(79,644)
Total accumulated depreciation	(3,253,849)	(180,812) *	3,046	-	(3,431,615)
Other capital assets, net	1,819,366	(147,407)	-	-	1,671,959
Governmental activities capital assets, net	<u>\$ 1,865,925</u>	<u>\$(147,407)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718,518</u>

* Depreciation expense was incurred by the following governmental activities:

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

4. Capital Assets, continued

General Fund:

General government:

Administration	\$ 27,481
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Public safety:

Fire	606
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Environment and leisure:

Park	8,965
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Pool	<u>3,568</u>
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Total Environment and leisure	<u>12,533</u>
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Total General Fund	40,620
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Special Revenue Funds:

Street	<u>140,192</u>
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Total Governmental Activities'

Depreciation Expense	\$ <u>180,812</u>
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The Village does not have construction commitments at year end.

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

4. Capital Assets, continued

	Balance at October 1, 2021	Additions	Disposals	Reclass	Balance at September 30, 2022
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 234,440	\$ -	\$(18,470)	\$ -	\$ 215,970
Other capital assets being depreciated:					
Distribution systems	4,742,627	24,461	-	-	4,767,088
Equipment	<u>106,041</u>	<u>7,671</u>	<u>-</u>	<u>-</u>	<u>113,712</u>
Total other capital assets at historical cost	4,848,668	32,132	-	-	4,880,800
Less accumulated depreciation for:					
Distribution systems	(3,036,049)	(93,347)	-	-	(3,129,396)
Equipment	<u>(74,045)</u>	<u>(9,032)</u>	<u>-</u>	<u>-</u>	<u>(83,077)</u>
Total accumulated depreciation	<u>(3,110,094)</u>	<u>(102,379) *</u>	<u>-</u>	<u>-</u>	<u>(3,212,473)</u>
Other capital assets, net	<u>1,738,574</u>	<u>(70,247)</u>	<u>-</u>	<u>-</u>	<u>1,668,327</u>
Business-type capital assets, net	<u>\$ 1,973,014</u>	<u>\$ (70,247)</u>	<u>\$(18,470)</u>	<u>\$ -</u>	<u>\$ 1,884,297</u>

* Depreciation expense was charged to functions as follows:

Sewer	\$ 57,512
Water	44,867
Landfill	<u>-</u>
Total Business-type Activities' Depreciation Expense	<u>\$ 102,379</u>

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

<u>Type of Debt</u>	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	<u>\$ 418,295</u>	<u>\$ -</u>	<u>\$ (136,204)</u>	<u>\$ 282,091</u>	<u>\$ 138,091</u>
Business-type Activities:					
Bonds and note payable	<u>\$ 1,864,205</u>	<u>\$ -</u>	<u>\$ (167,789)</u>	<u>\$ 1,696,416</u>	<u>\$ 171,443</u>
Component Unit:					
TIF payables	<u>\$ 80,849</u>	<u>\$ 517</u>	<u>\$ (44,911)</u>	<u>\$ 36,455</u>	<u>\$ 3,172</u>

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, business-type activities, and the discretely presented component unit.

Governmental Activities

As of September 30, 2022, the governmental long-term liabilities consisted of the following:

Bonds payable:

General obligation refunding bonds dated July 16, 2013, with original issue amount of \$269,948 paid by the Debt Service Fund (an additional \$445,052 of this bond issue was received by the Water Fund). Interest ranges from 0.45 to 2.45 percent with final maturity June 15, 2023. \$ 32,091

General obligation refunding bonds dated November 19, 2014, with original issue amount of \$905,000 paid by the Debt Service Fund. Interest ranges from 0.50 to 2.65 percent with final maturity September 15, 2024. 200,000

General obligation refunding Street bonds dated March 16, 2020, with original issue amount of \$103,333 (an additional \$206,667 of this bond issue was split by the Water and Sewer Funds). Interest ranges from 1.35 to 2.00 percent with final maturity December 15, 2029. 50,000

Total bonds and notes payable \$ 282,091

VILLAGE OF CAIRO, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Long-term Debt, continued

Governmental Activities, continued

Current portion	\$ 138,091
Noncurrent portion	<u>144,000</u>
Total bonds payable	\$ <u>282,091</u>

Business-type Activities

As of September 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

General obligation refunding water bonds, Series 2021, with original issue amount of \$465,000. Interest is at 0.40 percent with final maturity on October 1, 2033.	\$ 430,000
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General obligation refunding sewer bonds dated July 16, 2013, with original issue amount of \$445,052. Interest ranges from 0.45 to 2.45 percent with final maturity June 15, 2023.	52,909
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Water NDEE note payable of \$287,446 received during the year ended September 30, 2013 to finance the water improvement project. Interest is at 2.25 percent, due semi-annually, with final maturity on June 15, 2032.	188,134
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VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable, continued:

General obligation refunding Sewer bonds dated March 16, 2020, with original issue amount of \$103,333 (an additional \$206,667 of this bond issue was split by the Water and Street Funds). Fee rate is 0.5 percent and interest ranges from 1.35 to 2.00 percent with final maturity December 15, 2029. 100,000

General obligation refunding Water bonds dated March 16, 2020, with original issue amount of \$103,333 (an additional \$206,667 of this bond issue was split by the Street and Sewer Funds). Fee rate is 1 percent and interest ranges from 1.35 to 2.00 percent with final maturity December 15, 2029. 100,000

Sewer NDEE note payable totaling \$931,252 to finance the sewer lagoon project with final disbursement received during the year ended September 30, 2020. Interest is at 1.50 percent, due semi-annually, with final maturity on December 15, 2038. 825,373

Total business-type activity bonds and note payable \$ 1,696,416

Current portion \$ 171,443

Noncurrent portion 1,524,973

Total \$ 1,696,416

Discretely Presented Component Unit

As of September 30, 2022, the long-term debt payable from the discretely presented component unit resources consisted of the following:

Non-interest-bearing TIF payables described more fully in Note C3. \$ 36,455

Current portion \$ 3,172

Noncurrent portion 33,283

Total \$ 36,455

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 138,091	\$ 6,742
2024	106,000	3,367
2025	6,000	626
2026	6,000	532
2027	6,000	432
2028-2030	20,000	604
	<u>\$ 282,091</u>	<u>\$ 12,303</u>

Year Ending September 30,	Business-type Activities				
	Direct Placement			Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 59,534	\$ 16,439	\$ 10,037	\$ 111,909	\$ 8,580
2024	60,084	15,487	9,474	59,000	6,763
2025	60,642	14,518	8,901	59,000	6,213
2026	61,209	13,532	8,319	59,000	5,658
2027	61,785	12,528	7,726	59,000	5,011
2028-2032	317,880	46,952	29,388	255,000	13,751
2033-2037	270,001	20,677	13,710	80,000	1,220
2038-2040	122,372	2,989	1,992	-	-
	<u>\$ 1,013,507</u>	<u>\$ 143,122</u>	<u>\$ 89,547</u>	<u>\$ 682,909</u>	<u>\$ 47,196</u>

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Long-term Debt, continued

Year Ending <u>September 30,</u>	<u>Component Unit</u>	
	<u>Direct Placement - TIF</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,172	\$ -
2024	3,172	-
2025	3,172	-
2026	3,172	-
2027	3,172	-
2028-2034	20,595	-
	<u>\$ 36,455</u>	<u>\$ -</u>

6. Deficit Fund Balance

At September 30, 2022, the General Fund had a deficit fund balance of \$(185,079). The Village plans to bring the fund balance to a positive balance during the next several years, through reduced General Fund expenditures and through transfers from proprietary funds.

7. Interfund Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 148,549	\$ -
Debt Service Fund	-	204,398
Sewer Fund	-	71,125
Water Fund	54,208	-
Street Fund	<u>72,766</u>	<u>-</u>
	<u>\$ 275,523</u>	<u>\$ 275,523</u>

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE D – OTHER NOTES

1. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the Village's insurance coverage.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Village's investments at September 30, 2022, are held by banks in the name of the Village. The Village's investments consist of only money market accounts.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The Village did not hold any certificates of deposit at September 30, 2022.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Village's investments consist of money market funds, minimizing credit risk associated with the Village's investment portfolio.

Concentration of Credit Risk. The Village's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2022, the Village's bank deposits consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pathway Bank	\$ <u>1,852,931</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Village's investments had no exposure to foreign currency risk and the Village held no investments denominated in foreign currency at September 30, 2022.

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE D – OTHER NOTES, Continued

2. Interlocal Agreements

<u>Party to the Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
District 100 (Centura)	6/14/04 – 6/14/29	Provide water service to school
Hall County Sheriff	10/01/22 – 9/30/24	Law Enforcement
Hall County, Howard County, Hamilton County, and Merrick County	2/12/01 – indefinite	Enhanced 911 system
Cairo Rural Fire District	10/01/07 – indefinite	Mutual fire protection and emergency services
Hall County Department of Roads	9/13/06 – indefinite	Road construction
Hall County Building Department	7/1/22 – 6/30/25	Building codes and inspection service

3. Related Party Transactions

During the year ended September 30, 2021, the Village paid \$5,050 for repairs and maintenance to a company owned by the spouse of the Village Deputy Clerk.

4. Tax Abatement

The Community Redevelopment Agency (CRA), who is authorized by Nebraska's Statutes to enter into a property tax abatement agreement for the purpose of developing properties in blighted areas, has entered into a tax increment finance (TIF) agreement with a redeveloper. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years.

Information relevant to the abatements impacting the CRA for the year ending September 30, 2022 is as follows

VILLAGE OF CAIRO, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE D – OTHER NOTES, Continued

4. Tax Abatement, continued

<u>TIF Project:</u>	<u>Years Remaining On TIF Agreements</u>	<u>2022 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2022</u>
Centura East Golf – Course	-	\$ -	\$ 3,896
Business Park	12	188,749	<u>3,002</u>
Total TIF Proceeds			\$ <u>6,898</u>

5. Notes Receivable

The Sewer fund has issued loans to encourage economic development in the Village of Cairo for the purchase of lots at the Village's business park. The outstanding portion of the notes receivable as of September 30, 2022 is as follows:

<u>Borrower</u>	<u>Date of Loan</u>	<u>Term of Loan</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
Scott Sorensen	9/14/2020	10 years	5.00%	\$ 32,348	\$ 3,500
Gill Diesel	6/28/2022	10 years	5.00%	31,500	3,500
Gill Diesel	6/28/2022	10 years	5.00%	31,500	3,500
Total notes receivable				<u>\$ 95,348</u>	<u>\$ 10,500</u>

The purchase price of a lot is \$35,000 and the borrower pays the village \$3,500 the first year owning the lot. If the property is producing \$3,500 or more in increased (TIF) tax revenue after the first year, the landowner then has the option for years 2 through 10 to apply the proceeds from the county property tax that the village receives through the TIF financing toward that year's loan payment. If the property is not producing at least \$3,500 in tax revenue one year from the date of the contract, there will be 5% interest added to the loans for years 2 through 10.

6. Subsequent Events

Management has evaluated subsequent events through February 10, 2023, the date on which the financial statements were available for issue.

SUPPLEMENTARY AND OTHER INFORMATION

VILLAGE OF CAIRO, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 186,426	\$ 222,564	\$ 36,138
Motor vehicle	14,850	20,869	6,019
Franchise	53,000	97,733	44,733
Intergovernmental	37,600	8,785	(28,815)
Charges for services	30,050	73,318	43,268
Contributions	1,700	1,950	250
Grant revenue	95,087	6,560	(88,527)
Interest income	2,490	3,453	963
Gain on sale of equipment	-	4,473	4,473
Other	82,250	61,428	(20,822)
Total resources	503,453	501,133	(2,320)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administrative	308,894	227,312	(81,582)
Public safety:			
Fire	46,250	125,429	79,179
Public works:			
Village lights	13,500	20,447	6,947
Environment and leisure:			
Community Center	9,540	8,792	(748)
Park	73,730	71,062	(2,668)
Pool	50,845	43,976	(6,869)
Total environment and leisure	134,115	123,830	(10,285)
Total charges to appropriations	502,759	497,018	(5,741)
Resources and other sources over appropriations before transfers	-	4,115	3,421
OTHER FINANCING USES			
Transfer from other fund	-	148,549	148,549
RESOURCES OVER CHARGES TO APPROPRIATIONS AND OTHER FINANCING SOURCES	<u>\$ 694</u>	<u>\$ 152,664</u>	<u>\$ 151,970</u>

VILLAGE OF CAIRO, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
STREET FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 25,000	\$ 29,219	\$ 4,219
Sales tax	12,500	23,695	11,195
Highway allocation	127,160	131,241	4,081
Charges for services	-	180	180
Other	3,000	21,469	18,469
Total resources	167,660	205,804	38,144
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operation and maintenance	84,495	97,879	13,384
Capital outlay	60,750	17,190	(43,560)
Principal payments on debt	-	6,000	6,000
Interest and fees on long-term debt	-	891	891
Total charges to appropriations	145,245	121,960	(23,285)
Resources over charges to appropriations before transfers	22,415	83,844	61,429
OTHER FINANCING SOURCES			
Transfer from other fund	-	72,766	72,766
RESOURCES OVER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES			
	\$ 22,415	\$ 156,610	\$ 134,195

VILLAGE OF CAIRO, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
DEBT SERVICE FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 90,000	\$ 104,299	\$ 14,299
Motor vehicle tax	1,250	-	(1,250)
Special assessments	65,000	-	(65,000)
TIF proceeds	51,000	6,898	(44,102)
	<u>207,250</u>	<u>111,197</u>	<u>(96,053)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Debt service - principal	189,500	130,204	(59,296)
Debt service - interest	13,859	8,931	(4,928)
	<u>203,359</u>	<u>139,135</u>	<u>(64,224)</u>
Resources over (under) charges to appropriations before transfers	3,891	(27,938)	(31,829)
OTHER FINANCING SOURCES			
Transfer from other fund	-	(204,398)	(204,398)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<u>\$ 3,891</u>	<u>\$ (232,336)</u>	<u>\$ (236,227)</u>

VILLAGE OF CAIRO, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
SALES TAX FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 67,500	\$ 86,416	\$ 18,916
Interest income	<u>650</u>	<u>850</u>	<u>200</u>
Total resources	68,150	87,266	19,116
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Sales tax projects	<u>100,000</u>	<u>65,560</u>	<u>(34,440)</u>
RESOURCES OVER (UNDER)			
CHARGES TO			
APPROPRIATIONS	<u>\$ (31,850)</u>	<u>\$ 21,706</u>	<u>\$ 53,556</u>

VILLAGE OF CAIRO, NEBRASKA
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS

Year ended September 30, 2022

	General	Pool
REVENUES		
Taxes:		
General property tax	\$ 113,182	\$ 30,916
Motor vehicle tax	6,571	14,298
Franchise	48,325	-
Intergovernmental revenue:		
State assistance	3,650	-
Rural fire reimbursement	-	-
Licenses and permits	1,422	-
Rental and fees	38,703	-
Admission fees and concessions	-	12,273
Grant revenue	6,560	-
Contributions	-	-
Interest income	3,274	-
Sale proceeds	4,473	-
Other revenues	51,788	308
Total revenues	<u>277,948</u>	<u>57,795</u>
EXPENDITURES		
Personnel services:		
Salaries and benefits	87,186	20,701
Operating expenses:		
Contract labor	1,183	-
Fuel	-	-
Insurance	14,893	-
Interlocal agreement	19,619	-
Professional fees	39,047	-
Meetings, seminars, and dues	6,210	-
Licenses, fees, and taxes	768	174
Repairs and maintenance	715	5,053
Printing, postage, and publications	5,433	480
Utilities and telephone	22,679	5,000
Total operating expenses	<u>110,547</u>	<u>10,707</u>
Supplies	3,092	8,999
Other expenses	17,429	2,646
Capital outlay	9,058	923
Total expenditures	<u>227,312</u>	<u>43,976</u>
Excess (deficiency) of revenues over expenditures before transfers	50,636	13,819
Interfund transfers	<u>152,013</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>\$ 202,649</u></u>	<u><u>\$ 13,819</u></u>

<u>Park</u>	<u>Fire</u>	<u>Street Lights</u>	<u>Community Center</u>	<u>Total</u>
\$ 45,114	\$ 26,177	\$ 7,175	\$ -	\$ 222,564
-	-	-	-	20,869
27,528	15,443	6,437	-	97,733
-	-	-	-	3,650
-	5,135	-	-	5,135
-	-	-	-	1,422
-	-	-	12,920	51,623
8,000	-	-	-	20,273
-	-	-	-	6,560
-	-	-	1,950	1,950
-	104	-	75	3,453
-	-	-	-	4,473
7,662	520	-	1,150	61,428
<u>88,304</u>	<u>47,379</u>	<u>13,612</u>	<u>16,095</u>	<u>501,133</u>
38,266	-	-	3,646	149,799
841	-	-	-	2,024
1,780	5,378	-	-	7,158
-	3,545	-	-	18,438
-	-	-	-	19,619
-	-	-	-	39,047
-	-	-	-	6,210
-	-	-	-	942
18,298	5,000	65	2,332	31,463
-	-	-	-	5,913
5,507	10,986	13,225	-	57,397
<u>26,426</u>	<u>24,909</u>	<u>13,290</u>	<u>2,332</u>	<u>188,211</u>
6,370	-	-	2,088	20,549
-	100,520	-	726	121,321
-	-	7,157	-	17,138
<u>71,062</u>	<u>125,429</u>	<u>20,447</u>	<u>8,792</u>	<u>497,018</u>
17,242	(78,050)	(6,835)	7,303	4,115
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,464)</u>	<u>148,549</u>
<u>\$ 17,242</u>	<u>\$ (78,050)</u>	<u>\$ (6,835)</u>	<u>\$ 3,839</u>	<u>\$ 152,664</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Village of Cairo, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, and each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds of the Village of Cairo, Nebraska, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated February 10, 2023. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the Village of Cairo, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Cairo's internal control over financial reporting (internal control) as a basis for designing the 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 entity'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.

SHAREHOLDERS:

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Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a significant deficiency in internal control, described below, that we consider to be significant deficiency.

Segregation of Duties

Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Cairo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Cairo's Response to Findings

Government auditing Standards requires the auditor to perform limited procedures on the Village of Cairo's response to the findings identified in our audit and described above. The Village of Cairo's response to the findings identified in our audit is that due to the small size of the Village, it is impractical to further segregate duties. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AMGL, P.C.

Grand Island, Nebraska
February 10, 2023



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To the Village Council
Village of Cairo
Cairo, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Village of Cairo for the year ended September 30, 2022, and have issued our report thereon dated February 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Cairo are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2022. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the collectability of accounts receivable is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation of capital assets is based on the estimated useful life of the capital asset. We evaluated the key factors and

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assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Eleven audit adjustments decreased the fund balance of the Village's governmental funds by \$5,530. Seventeen audit adjustments increased the net position of the Village's business-type funds by \$175,757. The following material misstatements detected as a result of audit procedures were corrected by management:

- 1) Depreciation expense of \$102,379 was recorded on the utility funds, decreasing net position.
- 2) Principal payments totaling \$174,225 were reclassified from expense accounts to the long-term liability accounts on the utility funds.
- 3) Note receivables of \$105,000 were recorded for the Business Park lot sale in the sewer fund, increasing net position.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that

the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit of the financial statements of the Village of Cairo as of September 30, 2022, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. The General Fund has a deficit cash balance of \$(182,419) and a deficit fund balance of \$(185,079) at September 30, 2022. We recommend exploring additional sources of revenue to increase General Fund cash reserves and eliminate these deficit balances.
2. We recommend updating the employee handbook to state whether accumulated unused sick pay is paid out upon termination of employment.
3. During our audit of payroll, we noted that one time card did not have a clock out time to verify total hours. We recommend that all employees clock in and out and that any written changes are signed by management for verification.
4. During our audit we noted that the petty cash drawer was \$93.01 higher than the receipt book. We recommend that petty cash is reimbursed to a set amount on a regular basis.
5. During our audit, we noted that a lot was purchased in the industrial park through the TIF incentive package and the deed was transferred on September 14, 2020. The first lot payment of \$3,500 was not paid for until March 7, 2022 which was due at the time of the purchase. This lot was purchased by a member of the TIF incentive committee and a related party of the Village board. The property did not produce at least \$3,500 in tax revenue the first year from the date of the contract, therefore the first payments for the TIF loan were due May 1 and September 1 of 2022. No additional payments have been made on this loan as of the issue date of the audit report. As of September 30, 2022 the principal due on the loan was \$1,798 and interest of \$246 for a total of \$2,044 for the loan accruing at 5%. We recommend following the terms of the TIF incentive package and being sure all loan payments are made timely.

Other Matters

We were engaged to report on the general fund departmental statement of revenues and expenses, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not

changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the management's discussion and analysis and budgetary comparison schedules, which accompany the financial statements but are not RSI. Such information has not be subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

A handwritten signature in black ink, appearing to read "AMU, R. C.", is positioned above the typed name and date.

Grand Island, Nebraska
February 10, 2023

To the Village Council
Village of Cairo
Cairo, Nebraska

In planning and performing our audit of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Cairo as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Village of Cairo's internal control to be significant deficiencies:

The size of the Village's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This lack of segregation of duties creates an opportunity for employees to commit fraud that may go undetected. This situation suggests that the Village Council remain involved in the financial affairs of the Village to provide oversight and independent review functions.

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
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This communication is intended solely for the information and use of management, the Village Council, and others within the Village, and is not intended to be and should not be used by anyone other than these specified parties.

AMGL R.C.

Grand Island, Nebraska
February 10, 2023