



***VILLAGE OF CORNING
PERRY COUNTY***

Regular Audit

**For the Years Ended
December 31, 2022 and 2021**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Corning
PO Box 447
Corning, OH 43730-0447

We have reviewed the *Independent Auditor's Report* of the Village of Corning, Perry County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Corning is responsible for compliance with these laws and regulations.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2024

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Independent Auditor's Report

Village Council
Village of Corning
Perry County
P.O. Box 447
Corning, OH 43730

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Corning, Perry County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental, enterprise and fiduciary fund types as of and for the year ended December 31, 2022 and 2021 and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, enterprise and fiduciary fund types as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 14 of the December 31, 2022 and 2021 financial statements and Note 12 of the December 31, 2022 and 2021 financial statements, the Village is experiencing financial difficulties resulting in negative fund balances in the State Highway, the EMS Special Revenue Funds, and the Water Operating Enterprise Fund. Management's plan in regards to these financial difficulties is described in the aforementioned notes to the financial statements. This matter does not affect our opinion on these financial statements.

As discussed in Note 13 to the financial statements, during 2022 and 2021, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

September 15, 2023

VILLAGE OF CORNING, PERRY COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$31,007	\$35,093	\$66,100
Intergovernmental	31,375	71,279	102,654
Charges for Service	0	100,896	100,896
Fines, Licenses, and Permits	29,530	3,130	32,660
Earnings on Investments	8,204	0	8,204
Miscellaneous	1,288	3,577	4,865
Total Cash Receipts	101,404	213,975	315,379
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	32,506	1,012	33,518
Security of Persons and Property	62,668	84,868	147,536
Public Health Services	0	43,844	43,844
Leisure Time Activities	125	0	125
Basis Utility Services	3,135	639	3,774
Transportation	0	34,819	34,819
<i>Debt Service:</i>			
Principal	0	31,684	31,684
Interest and Fiscal Charges	0	3,262	3,262
Total Cash Disbursements	98,434	200,128	298,562
Cash Receipts Over (Under) Cash Disbursements	2,970	13,847	16,817
Fund Cash Balances, January 1	19,803	154,909	174,712
<i>Fund Cash Balances, December 31</i>	<u>\$22,773</u>	<u>\$168,756</u>	<u>\$191,529</u>

See accompanying notes to the financial statements.

VILLAGE OF CORNING, PERRY COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2022

	<u>Fiduciary</u> <u>Fund Type</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	
<u>Operating Cash Receipts:</u>			
Charges for Services	\$332,784	\$0	\$332,784
Total Operating Cash Receipts	332,784	0	332,784
<u>Operating Cash Disbursements:</u>			
Personal Services	85,114	0	85,114
Employee Fringe Benefits	14,819	0	14,819
Contractual Services	137,732	0	137,732
Supplies and Materials	24,392	0	24,392
Total Operating Cash Disbursements	262,057	0	262,057
Operating Income (Loss)	70,727	0	70,727
<u>Non-Operating Cash Receipts (Disbursements):</u>			
Miscellaneous Receipts	5,389	0	5,389
Capital Outlay	(990)	0	(990)
Principal Retirement	(65,239)	0	(65,239)
Interest and Fiscal Charges	(53,655)	0	(53,655)
Other Financing Sources	0	12,295	12,295
Other Financing Uses	0	(12,295)	(12,295)
Total Non-Operating Cash Receipts (Disbursements)	(114,495)	0	(114,495)
Income (Loss) before Transfers	(43,768)	0	(43,768)
Transfers In	118,900	0	118,900
Transfers Out	(118,900)	0	(118,900)
Net Change in Fund Balances	(43,768)	0	(43,768)
Fund Cash Balances, January 1	466,523	0	466,523
<i>Fund Cash Balances, December 31</i>	<u>\$422,755</u>	<u>\$0</u>	<u>\$422,755</u>

See accompanying notes to the financial statements.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

1. REPORTING ENTITY

The Village of Corning, Perry County (the Village) is a body corporate and political established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, street maintenance, cemetery maintenance, police and fire protection, emergency medical services, and water and sewer services for its citizens.

The Village contracts with Burr Oak Regional Water District for the purchase of water for distribution and sale to the consumers within the Village and outlying areas of Monroe Township.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively

FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant Special Revenue funds:

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

- Street Construction Maintenance & Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for maintaining areas adjacent to state highways that run through the village.
- Cemetery Fund – This fund receives money from a levy voted by the citizens of the Village through fiscal year 2024 and provides for the care, maintenance and repair of the Village cemetery.
- EMS Fund – This fund receives money from three surrounding townships for emergency medical services as well as charges related to emergency medical service runs.
- Fire Fund – This fund receives money from three surrounding townships to provide fire protection services.

Debt Service Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds: USDA/RDA Debt Service Fund - \$74,302 – one year payment for loan for installation and construction of current sewer plant and system.

Capital Project Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had no capital projects in fiscal year 2022.

Proprietary Fund Types.

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Sewer Operating Fund – This fund receives loans and grants for the planning, construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- Water Operating Fund – This fund receives loans and grants for the planning, construction of a water distribution system as well as user fees for the operation of the system.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

Fiduciary Fund Types: These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Village's fiduciary funds include:

- Mayor's Court - Pertains to Mayor's Court fines, fees revenue and expenditures to state and county agencies as required by law.

BASIS OF ACCOUNTING

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

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

BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Village Council and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. That date has now been changed to October 15.

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2022 budgetary activity appears in Note 4.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

Deposits and Investments:

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio.

The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

The Village has invested \$225,000 in Star Ohio (2019) through 2022 with interest to be deposited to the General Fund.

PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash Payments for unused leave. Unpaid leave is not reflected as a liability under the Village's Basis of accounting

FUND BALANCE

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

1. Nonspendable – The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed – The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution of ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

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

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

3. **COMPLIANCE**

Contrary to Ohio Law, budgetary expenses exceeded appropriations authority in Sewer operating fund by (\$10,247.96) ; USDA/RDA debt service (\$62.50); Water Operating fund by (\$11,861.45) for the year ended Dec 31, 2022.

Also contrary to Ohio law, for the year ended December 31, 2021, the following funds had cash deficit balances: State Highway Fund (\$328.01), EMS Fund (\$15,291.69) and Water Operating Fund (\$13,691.65).

Furthermore, appropriations exceeded estimated resources in a few funds for the year ended December 31, 2022.

4. **BUDGETARY ACTIVITY**

Budgetary activity for the Year ending December 31, 2022:

2022 From Comparison of Budgeted and Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$86,175	\$101,404	\$15,229
Special Revenue Funds	202,287	213,975	11,688
Enterprise Funds	454,406	457,073	2,667
Custodial	0	12,295	12,295
Total Receipts	<u>\$742,868</u>	<u>\$784,747</u>	<u>\$41,879</u>

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

2022 From Comparison of Disbursements and Encumbrances within Expenditure Authority

Fund	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$106,157	\$98,434	\$7,723
Special Revenue Funds	209,688	200,128	9,560
Enterprise Funds	479,026	500,841	(21,815)
Custodial	0	12,295	(12,295)
Total Appropriations	<u>\$794,871</u>	<u>\$811,698</u>	<u>(\$16,827)</u>

5. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments including Mayor's Court Checking Account at December 31 were as follows:

	<u>2022</u>
Demand Deposits	\$ 406,388
Star Ohio	225,000
Outstanding Checks	(17,907)
Deposits in Transit	803
Total	<u>\$ 614,284</u>

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

State of Ohio Universal Accounting Network Year End Balances and North Valley Bank Balances are in balance. A Bank Reconciliation was done for all months in 2022. There are three separate checking accounts with North Valley Bank; General Checking for all disbursements; Water/Sewer for all water/sewer customer receipts at the bank and deposits for receipts paid through the office or mail (account zeroed out to General Checking Account at month end); Mayor's Court for all Mayor's Court revenue (account zeroed out to General Checking Account and Mayor's Court Fund at month end); At month's end both Enterprise and Custodial checking accounts are balanced and transferred to the General Checking Account.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

6. PROPERTY TAXES

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village

7. INTERFUND BALANCES

There are no Outstanding Advances at December 31, 2022.

8. RISK MANAGEMENT

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

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formerly known as the Ohio Government Risk Management Plan (the “Plan”) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amount did not exceed insurance coverage for the past three Year.

The Pool’s audited financial statements (audited by other accountants) conform to generally Accepted accounting principles, and reported the following assets, liabilities and member’s Equity at December 31, 2021 and 2020 (the latest information available).

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

	2021	2020
Assets	\$18,826,974	\$15,920,504
Liabilities	(13,530,267)	(11,329,011)
Members Equity	\$5,296,707	\$4,591,493

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate higher limit bond coverage.

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

9. DEFINED BENEFIT PENSION PLANS

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2021 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2022.

Elected officials may opt out of OPERS and pay into Social Security instead. Mayor and Council Members all opted for Social Security and contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

10. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

11. DEBT

Debt outstanding at December 31, 2022 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
United States Dept of Agriculture, RDA Loan	\$1,274,000	3.75%
Ohio Water Development Auth. Loan #7679	\$420,111	1.14%
Ohio Public Works Commission Loan #CT78C	\$135,000	0.00%
Century National Bank-Vehicle Bond	\$35,962	3.99%
Ohio Public Works Commission Loan #CT601	\$3,863	0.00%
North Valley Bank (Bridge Loan #457101)	\$39,458	2.84%
Total	<u><u>\$1,908,394</u></u>	

The Ohio Public Works Commission and the United States Department of Agricultural loans relate to the Environmental Protection Agency mandated water and sewer construction projects. The Ohio Water Development Authority loan relates to the water meter upgrades and the telemetry replacement. Water and sewer receipts collateralize these loans. The Emergency Medical Services Vehicle Bond is through Park (formerly Century) National Bank. The Village's taxing authority collateralized the bond. The North Valley Bank loan for Bridge Replacement through the Street Construction Maintenance and Repair Fund to be paid from a Levy approved by the voters of the village for a term of five years.

Principal and interest requirements for loans outstanding at December 31, 2022 are as follows:

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

Year Ending December 31:	USDA-RDA	OWDA Loan #7679	OPWC Loan #CT601	Century Nat'l Village Bond	OPWC Loan #CT78C	Park National 1298544
2023	74,775.00	18,413.10	18,000.00	18,162.36	3,865.21	16,783.56
2024	73,762.50	18,413.10	18,000.00	18,162.36	-	16,783.56
2025	74,750.00	18,413.10	18,000.00	4,540.59	-	4,631.61
2026	74,662.50	18,413.10	18,000.00	-	-	-
2027	74,537.50	18,413.10	18,000.00	-	-	-
2028-2032	370,500.00	92,065.50	45,000.00	-	-	-
2033-2037	370,925.00	92,065.50	-	-	-	-
2038-2042	371,225.00	92,065.50	-	-	-	-
2043-2047	371,200.00	92,065.50	-	-	-	-
2048-2050	222,675.00	27,619.65	-	-	-	-
Total	2,079,012.50	487,947.15	135,000.00	40,865.31	3,865.21	38,198.73

Debt Service Trust Funds

The Sewer Plant and System Project trust agreement with USDARDA required the Village to establish a debt service fund to be maintained as a Restricted Fund in the amount of one year's payment. The Village has established this fund. At December 31, 2022, the custodian the USDA Debt Service Fund held \$75,000 in Village assets. The accompanying financial statements reflect this amounts.

12. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Village did not receive CARES Act funding.

The Village received a Local Fiscal Recovery Grant in the amount of \$29,868.07 of which \$13,433.02 remained at 12/31/2022. Grant funding was used for water maintenance and repair inventory and infrastructure. The remaining balance will be used for water inventory repair items that were on back-order at 12/31/2022.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2022

14. Financial Difficulties

There are negative fund balances for the, State Highway, EMS Fund and Water Operating Fund at 2022 year end. The EMS Fund has received some levy revenue from Monroe Township in 2022. Although progress was made on the EMS deficiency, The contract with Monroe township is in jeopardy. Volunteer Ems personnel and The village council are working with Monroe Township to resolve issues.

The State Highway Fund is negative due to management use of employee labor hours and expenditures for equipment maintenance and repair. Revenue was less than anticipated. Measures are put in place to rectify these issues.

The Water Operating Fund is negative mainly due to water loss from several major leaks and repairs to those leaks. Our water supplier increased rates in 2022. The council is reviewing a possible rate increase. Additional equipment has been purchased to assist in water leak detection. A water loan is paying off, which will help our fund.

VILLAGE OF CORNING, PERRY COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2021

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$30,627	\$52,245	\$82,872
Intergovernmental	326,319	448,455	774,774
Charges for Service	0	119,057	119,057
Fines, Licenses, and Permits	11,970	1,275	13,245
Earnings on Investments	807	0	807
Miscellaneous	446	8,585	9,031
Total Cash Receipts	<u>370,169</u>	<u>629,617</u>	<u>999,786</u>
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	34,433	1,054	35,487
Security of Persons and Property	41,013	97,545	138,558
Public Health Services	0	38,858	38,858
Leisure Time Activities	378	0	378
Transportation	314	39,356	39,670
Basis Utility Services	2,469	804	3,273
Capital Outlay	297,785	384,827	682,612
<i>Debt Service:</i>			
Principal	0	30,641	30,641
Interest and Fiscal Charges	0	4,305	4,305
Total Cash Disbursements	<u>376,392</u>	<u>597,390</u>	<u>973,782</u>
Cash Receipts Over (Under) Cash Disbursements	(6,223)	32,227	26,004
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	<u>6,125</u>	<u>0</u>	<u>6,125</u>
Total Other Financing Sources (Uses)	<u>6,125</u>	<u>0</u>	<u>6,125</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(98)	32,227	32,129
Fund Cash Balances, January 1	<u>19,901</u>	<u>122,682</u>	<u>142,583</u>
Fund Cash Balances, December 31	<u><u>\$19,803</u></u>	<u><u>\$154,909</u></u>	<u><u>\$174,712</u></u>

See accompanying notes to the financial statements.

VILLAGE OF CORNING, PERRY COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Type		Totals
	Enterprise	Agency	
<u>Operating Cash Receipts:</u>			
Charges for Services	\$330,244	\$0	\$330,244
Total Operating Cash Receipts	330,244	0	330,244
<u>Operating Cash Disbursements:</u>			
Personal Services	65,596	0	65,596
Employee Fringe Benefits	13,306	0	13,306
Contractual Services	129,293	0	129,293
Supplies and Materials	12,603	0	12,603
Total Operating Cash Disbursements	220,798	0	220,798
Operating Income	109,446	0	109,446
<u>Non-Operating Cash Receipts (Disbursements):</u>			
Special Assessments	7,083	0	7,083
Miscellaneous Receipts	1,115	0	1,115
Capital Outlay	(508)	0	(508)
Principal Retirement	(51,220)	0	(51,220)
Interest and Fiscal Charges	(54,746)	0	(54,746)
Other Financing Sources	0	4,580	4,580
Other Financing Uses	0	(4,580)	(4,580)
Total Non-Operating Cash Receipts (Disbursements)	(98,276)	0	(98,276)
Income (Loss) before Transfers	11,170	0	11,170
Transfers In	112,396	0	112,396
Transfers Out	(112,396)	0	(112,396)
Net Change in Fund Balances	11,170	0	11,170
Fund Cash Balances, January 1	455,353	0	455,353
Fund Cash Balances, December 31	\$466,523	\$0	\$466,523

See accompanying notes to the financial statements.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

1. REPORTING ENTITY

The Village of Corning, Perry County (the Village) is a body corporate and political established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, street maintenance, cemetery maintenance, police and fire protection, emergency medical services, and water and sewer services for its citizens.

The Village contracts with Burr Oak Regional Water District for the purchase of water for distribution and sale to the consumers within the Village and outlying areas of Monroe Township.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively

FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant Special Revenue funds:

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

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

- State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for maintaining areas adjacent to state highways that run through the village.
- Cemetery Fund – This fund receives money from a levy voted by the citizens of the Village through fiscal year 2024 and provides for the care, maintenance and repair of the Village cemetery.
- EMS Fund – This fund receives money from three surrounding townships for emergency medical services as well as charges related to emergency medical service runs.
- Fire Fund – This fund receives money from three surrounding townships to provide fire protection services.

Debt Service Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds: USDA/RDA Debt Service Fund - \$74,302 – one year payment for loan for installation and construction of current sewer plant and system.

Capital Project Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had no capital projects in fiscal year 2021.

Proprietary Fund Types.

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Sewer Operating Fund – This fund receives loans and grants for the planning, construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- Water Operating Fund – This fund receives loans and grants for the planning, construction of a water distribution system as well as user fees for the operation of the system.

Fiduciary Fund Types: These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Village’s fiduciary funds include:

- Mayor’s Court - Pertains to Mayor’s Court fines, fees revenue and expenditures to state and county agencies as required by law.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

BASIS OF ACCOUNTING

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

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

BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Village Council and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. That date has now been changed to October 15.

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments:

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

The Village has invested \$225,000 in Star Ohio (2019) through 2021 with interest to be deposited to the General Fund.

PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash Payments for unused leave. Unpaid leave is not reflected as a liability under the Village's Basis of accounting

FUND BALANCE

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

1. **Nonspendable** – The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. **Restricted** – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. **Committed** – The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution of ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. **Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.
5. **Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

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

3. COMPLIANCE

Contrary to Ohio law, for the year ended December 31, 2021, the following funds had cash deficit balances: State Highway Fund (\$739.82), EMS Fund (\$24,186.37) and Water Operating Fund (\$889.75).

Furthermore, appropriations exceeded estimated resources in a few funds for the year ended December 31, 2021.

4. BUDGETARY ACTIVITY

Budgetary activity for the Year ending December 31, 2021:

2021 From Comparison of Budgeted and Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$376,960	\$376,294	(\$666)
Special Revenue Funds	611,277	629,617	18,340
Enterprise Funds	459,188	450,838	(8,350)
Custodial	0	4,580	4,580
Total Receipts	\$1,447,425	\$1,461,329	\$13,904

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

2021 From Comparison of Disbursements and Encumbrances within Expenditure Authority

Fund	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$384,785	\$376,392	\$8,393
Special Revenue Funds	650,802	597,390	53,412
Enterprise Funds	468,188	439,668	28,520
Custodial	0	4,580	(4,580)
Total Appropriations	<u>\$1,503,775</u>	<u>\$1,418,030</u>	<u>\$85,745</u>

5. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments including Mayor's Court Checking Account at December 31 were as follows:

	<u>2021</u>
Demand Deposits	\$ 421,820
Star Ohio	225,000
Outstanding Checks	(5,601)
Deposits in Transit	16
Total	<u>\$ 641,235</u>

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

State of Ohio Universal Accounting Network Year End Balances and North Valley Bank Balances are in balance. A Bank Reconciliation was done for all months in 2021. There are three separate checking accounts with North Valley Bank; General Checking for all disbursements; Water/Sewer for all water/sewer customer receipts at the bank and deposits for receipts paid through the office or mail (account zeroed out to General Checking Account at month end); Mayor's Court for all Mayor's Court revenue (account zeroed out to General Checking Account and Mayor's Court Fund at month end); At month's end both Enterprise and Custodial checking accounts are balanced and transferred to the General Checking Account.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

6. PROPERTY TAXES

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village.

7. INTERFUND BALANCES

There are no Outstanding Advances at December 31, 2021.

8. RISK MANAGEMENT

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

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formerly known as the Ohio Government Risk Management Plan (the "Plan") a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amount did not exceed insurance coverage for the past three Year.

The Pool's audited financial statements (audited by other accountants) conform to generally Accepted accounting principles, and reported the following assets, liabilities and member's Equity at December 31, 2021 and 2020 (the latest information available).

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

	2021	2020
Assets	\$18,826,974	\$15,920,504
Liabilities	(13,530,267)	(11,329,011)
Members Equity	\$5,296,707	\$4,591,493

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate higher limit bond coverage.

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

9. DEFINED BENEFIT PENSION PLANS

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2021 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2021.

Elected officials may opt out of OPERS and pay into Social Security instead. Mayor and Council Members all opted for Social Security and contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

10. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

11. DEBT

Debt outstanding at December 31, 2021 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
United States Dept of Agriculture, RDA Loan	\$1,300,000	3.75%
Ohio Water Development Auth. Loan #7679	\$433,619	1.14%
Ohio Public Works Commission Loan #CT78C	\$153,000	0.00%
Century National Bank-Vehicle Bond	\$50,905	3.99%
Ohio Public Works Commission Loan #CT601	\$11,594	0.00%
North Valley Bank (Bridge Loan #457101)	\$56,199	2.84%
Total	<u><u>\$2,005,317</u></u>	

The Ohio Public Works Commission and the United States Department of Agricultural loans relate to the Environmental Protection Agency mandated water and sewer construction projects. The Ohio Water Development Authority loan relates to the water meter upgrades and the telemetry replacement. Water and sewer receipts collateralize these loans. The Emergency Medical Services Vehicle Bond is through Park (formerly Century) National Bank. The Village's taxing authority collateralized the bond. The North Valley Bank loan for Bridge Replacement through the Street Construction Maintenance and Repair Fund to be paid from a Levy approved by the voters of the village for a term of five years.

Principal and interest requirements for loans outstanding at December 31, 2021 are as follows:

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

Year Ending December 31:	USDA-RDA	OWDA Loan #7679	OPWC Loan #CT601	Century Nat'l Village Bond	OPWC Loan #CT78C	Park National 1298544
2022	74,750.00	18,413.10	18,000.00	18,162.36	7,730.34	16,783.56
2023	74,775.00	18,413.10	18,000.00	18,162.36	3,863.66	16,783.56
2024	73,792.50	18,413.10	18,000.00	18,162.36	-	16,783.56
2025	74,750.00	18,413.10	18,000.00	1,720.31	-	560.69
2026	74,662.50	18,413.10	18,000.00	-	-	-
2027-2031	370,687.50	92,065.50	63,000.00	-	-	-
2032-2036	371,387.50	92,065.50	-	-	-	-
2037-2041	371,187.50	92,065.50	-	-	-	-
2042-2046	370,962.50	92,065.50	-	-	-	-
2047-2050	296,837.50	4,602.75	-	-	-	-
Total	2,153,792.50	464,930.25	153,000.00	56,207.39	11,594.00	50,911.37

Debt Service Trust Funds

The Sewer Plant and System Project trust agreement with USDARDA required the Village to establish a debt service fund to be maintained as a Restricted Fund in the amount of one year's payment. The Village has established this fund. At December 31, 2021, the custodian the USDA Debt Service Fund held \$75,000 in Village assets. The accompanying financial statements reflect these amounts.

12. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village did not receive CARES Act funding.

The Village received a Local Fiscal Recovery Grant in the amount of \$29,749.30 of which \$12,327.60 remained at 12/31/2021. Grant funding was used for water maintenance and repair inventory and infrastructure. The remaining balance will be used for water inventory repair items and telemetry upgrade that were on back-order at 12/31/2021. The Village did receive through Hocking, Athens, Perry County Community Action an in kind funding from a Neighborhood Rehabilitation Grant for street re-paving, Fire Department equipment and park upgrades in the amount of \$297,785.28. All work was invoiced and paid through HAPCAP. No actual funding went through the Village. This amount was posted as a pass through for recording purposes.

VILLAGE OF CORNING
PERRY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2021

14. Financial Difficulties

There are negative fund balances for the, State Highway, EMS Fund and Water Operating Fund at 2021 year end. The EMS Fund has received some past and current levy revenue from Monroe Township in 2021. The expense and revenue for the EMS underwent a change in 2019. Council voted to shut the EMS down except for volunteer service. A new billing agency has been retained for insurance revenue and expense has been limited to squad payments and minimal utility, BWC, liability insurance and supplies. Volunteers are working with Council to find ways to reduce the deficit.

The State Highway Fund is negative due to management use of employee labor hours and expenditures for equipment maintenance and repair. Revenue was less than anticipated. Measures are put in place to rectify these issues.

The Water Operating Fund is negative mainly due to water loss from several major leaks and repairs to those leaks. Water and Sewer Rates were increased early in 2021 and studies are underway to determine if rates need to be increased in 2022. Routine maintenance and monitoring issues are also being addressed.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Corning, Perry County
P.O. Box 447
Corning, OH 43730

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Corning, Perry County, Ohio (the Village), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated September 15, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods of the Village. We also noted the Village is experiencing financial difficulties due to negative fund balance.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness. We consider finding 2022-001, and 2022-003 to be a material weaknesses.

Village Council
Village of Corning, Perry County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-001 through 2022-003.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

September 15, 2023

VILLAGE OF CORNING, PERRY COUNTY
Schedule of Findings
For the Years Ended December 31, 2022 and 2021

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

Finding Number 2022-001

Noncompliance and Material Weakness

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

Furthermore, Ohio Admin. Code § 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.

The Village Officer's Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2022 and 2021, the Village failed to properly record various transactions. This resulted in reclassifications and various other adjustments being made to the Village's financial statements for 2022 and 2021.

For the fiscal year ending December 31, 2022, the following misstatements were noted:

- Intergovernmental receipts were improperly recorded as Other Revenue on the General financial statements in the amount of \$2,789.
- Intergovernmental receipts were improperly recorded as Other Revenue on the Special Revenue financial statements in the amount of \$277.

VILLAGE OF CORNING, PERRY COUNTY
Schedule of Findings
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-001 (Continued)

For the fiscal year ending December 31, 2021, the following misstatements were noted:

- Intergovernmental receipts were improperly recorded as Other Revenue on the General financial statements in the amount of \$297,785.
- Intergovernmental receipts were improperly recorded as Other Revenue on the Special Revenue financial statements in the amount of \$160,128.
- Intergovernmental receipts were improperly recorded as Special Assessments on the Special Revenue financial statements in the amount of \$224,700.

There were also adjustments and updates found to be needed in the notes to the financial statements. These adjustments, to which management has agreed, are reflected in the accompanying financial statements.

Failure to properly classify receipts and disbursements as to the appropriate classification could result in the financial statements being misleading.

The Fiscal Officer should refer to the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers and annual financial report in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's receipts and disbursements.

Officials' Response: We did not receive a response from Officials to the above finding.

Finding Number 2022-002

Noncompliance

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2022, the following funds had negative cash fund balances:

- State Highway Fund- \$328
- EMS Fund - \$15,292
- Other Water Operating - \$13,692

At December 31, 2021, the following funds had negative cash fund balances:

- State Highway Fund - \$740
- EMS Fund - \$24,186
- Other Water Operating – \$890

The Fiscal Officer should monitor activity in the funds to ensure that money paid into funds are only being used for the purposes for which such funds are established.

Officials' Response: Negative fund balances were the result of keeping the Village going.

VILLAGE OF CORNING, PERRY COUNTY
Schedule of Findings
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. In addition, Ohio Rev. Code § 5705.40 states any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. Furthermore, Ohio Rev. Code § 5705.41(B) states no subdivision is to expend money unless it has been appropriated.

In addition, Ohio Rev. Code § 5705.38(C) requires appropriation measures to be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

Also, Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

We noted the following violations with the requirements of Ohio Rev. Code § 5705:

- The December 31, 2022 and 2021 appropriations were not passed at the minimum legal level of control. The Village adopted appropriations by fund rather than the legally required level.
- For the year ended December 31, 2021, appropriations exceeded estimated resources in the State Highway Fund by \$2,638, EMS Fund by \$35,387 and Enterprise Water Fund by \$4,413.
- For the year ended December 31, 2022, appropriations exceeded estimated resources in the State Highway Fund by \$575, EMS Fund by \$17,417, and the Enterprise Water Fund by \$4,555.

The failure to properly follow the requirements of Ohio Rev. Code Chapter 5705, including the approval of Village appropriations and subsequent amendments, limiting appropriations to certified estimated resources and limiting expenditures to legally adopted appropriations could result in monies being spent on purposes other than those intended by the Council and resulted in deficit fund cash balances.

Each year the Village should obtain a Certificate of Estimated Resources from the County Budget Commission. The Village should also adopt an annual appropriation measure to meet the ordinary expenses of the Village each year. These appropriations should be limited to the total certified estimated resources for each fund. The approval of temporary and permanent appropriations should also be documented within the Village's minutes and appropriations should be adopted at the legally required level.

In addition, the Fiscal Officer should file the approved appropriation measure with the County Budget Commission. Subsequent expenditures should be limited to these legally adopted appropriations.

Officials' Response: We did not receive a response from Officials to the above finding.

VILLAGE OF CORNING, PERRY COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2022 and 2021

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2020-001	Material Weakness - audit adjustments were made to correct the Financial Statements.	Not Corrected	Reissued as Finding 2022-001
2020-002	Noncompliance - Negative fund balances	Not Corrected	Reissued as Finding 2022-002
2020-003	Noncompliance and Material Weakness – Failure to properly follow ORC Chapter 5705.	Not Corrected	Reissued as Finding 2022-003

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CORNING

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/21/2024

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

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