



**VILLAGE OF CORNING
PERRY COUNTY**

**SINGLE AUDIT
SECOND YEAR OF THE BIENNIUM
JANUARY 1, 2000 - DECEMBER 31, 2000**

**REGULAR AUDIT
FIRST YEAR OF THE BIENNIUM
JANUARY 1, 1999 - DECEMBER 31, 1999**

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CORNING
PERRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Corning, Perry County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Corning, Perry County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 27, 2001

**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 33,918	\$ 663	\$	\$ 34,581
Intergovernmental Receipts	38,044	624,974		663,018
Charges for Services	26,603	44,209		70,812
Fines, Licenses, and Permits	6,076	155		6,231
Miscellaneous	3,643	11,086		14,729
	<u>108,284</u>	<u>681,087</u>	<u>0</u>	<u>789,371</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	78,243	20,604		98,847
Public Health Services	110	5,707		5,817
Leisure Time Activities		4,665		4,665
Community Environment		412,628		412,628
Basic Utility Services	12,500			12,500
Transportation		29,809		29,809
General Government	31,736	9,143		40,879
Debt Service:				
Principal Payments		11,399	7,427	18,826
Interest Payments		709	9,558	10,267
Capital Outlay	8,617	48,963		57,580
	<u>131,206</u>	<u>543,627</u>	<u>16,985</u>	<u>691,818</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(22,922)</u>	<u>137,460</u>	<u>(16,985)</u>	<u>97,553</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		9,400	16,985	26,385
Advances-In		2,803		2,803
Transfers-Out	(26,385)			(26,385)
Advances-Out	(4,853)			(4,853)
	<u>(31,238)</u>	<u>12,203</u>	<u>16,985</u>	<u>(2,050)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,160)	149,663	0	95,503
Fund Cash Balances, January 1	69,960	68,009		137,969
Fund Cash Balances, December 31	<u>\$ 15,800</u>	<u>\$ 217,672</u>	<u>\$ 0</u>	<u>\$ 233,472</u>

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

**VILLAGE OF CORNING
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 112,989	\$	\$ 112,989
Miscellaneous	221		221
	<u>113,210</u>	<u>0</u>	<u>113,210</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	19,563		19,563
Fringe Benefits	3,035		3,035
Contractual Services	12,083		12,083
Supplies and Materials	87,425		87,425
Miscellaneous	123		123
Capital Outlay	73,085		73,085
	<u>195,314</u>	<u>0</u>	<u>195,314</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(82,104)</u>	<u>0</u>	<u>(82,104)</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes	72,885		72,885
Other Non-Operating Cash Receipts		7,238	7,238
	<u>72,885</u>	<u>7,238</u>	<u>80,123</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Debt Service	11,272		11,272
Other Non-Operating Cash Disbursements		6,909	6,909
	<u>11,272</u>	<u>6,909</u>	<u>18,181</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances	(20,491)	329	(20,162)
Advances-In	<u>2,050</u>		<u>2,050</u>
Net Receipts Over/(Under) Disbursements	(18,441)	329	(18,112)
Fund Cash Balances, January 1	<u>28,286</u>	<u>222</u>	<u>28,508</u>
Fund Cash Balances, December 31	<u>\$ 9,845</u>	<u>\$ 551</u>	<u>\$ 10,396</u>

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

**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, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 29,841	\$ 575	\$ 30,416
Intergovernmental Receipts	54,389	49,802	104,191
Charges for Services	27,432	49,627	77,059
Fines, Licenses, and Permits	8,246	665	8,911
Miscellaneous	1,553	1,347	2,900
	<u>121,461</u>	<u>102,016</u>	<u>223,477</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	71,930	20,235	92,165
Public Health Services		7,701	7,701
Leisure Time Activities		4,748	4,748
Community Environment		19,885	19,885
Transportation	10,904	31,605	42,509
General Government	30,206	782	30,988
Debt Service:			
Principal Payments	6,637	12,577	19,214
Interest Payments	10,348	1,655	12,003
Capital Outlay	8,617		8,617
	<u>138,642</u>	<u>99,188</u>	<u>237,830</u>
Total Cash Disbursements	<u>138,642</u>	<u>99,188</u>	<u>237,830</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(17,181)</u>	<u>2,828</u>	<u>(14,353)</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	3,840	200	4,040
Transfers-In	9,612	17,519	27,131
Transfers-Out	(4,950)	(22,181)	(27,131)
	<u>8,502</u>	<u>(4,462)</u>	<u>4,040</u>
Total Other Financing Receipts/(Disbursements)	<u>8,502</u>	<u>(4,462)</u>	<u>4,040</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,679)	(1,634)	(10,313)
Fund Cash Balances, January 1	<u>78,639</u>	<u>69,643</u>	<u>148,282</u>
Fund Cash Balances, December 31	<u>\$ 69,960</u>	<u>\$ 68,009</u>	<u>\$ 137,969</u>

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

**VILLAGE OF CORNING
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 99,061	\$	\$ 99,061
Miscellaneous	1,042		1,042
Total Operating Cash Receipts	<u>100,103</u>	<u>0</u>	<u>100,103</u>
Operating Cash Disbursements:			
Personal Services	25,012		25,012
Transportation	20		20
Contractual Services	9,910		9,910
Supplies and Materials	88,310		88,310
Capital Outlay	816		816
Total Operating Cash Disbursements	<u>124,068</u>	<u>0</u>	<u>124,068</u>
Operating Income/(Loss)	<u>(23,965)</u>	<u>0</u>	<u>(23,965)</u>
Non-Operating Cash Receipts:			
Sale of Fixed Assets	300		300
Other Non-Operating Cash Receipts		8,939	8,939
Total Non-Operating Cash Receipts	<u>300</u>	<u>8,939</u>	<u>9,239</u>
Non-Operating Cash Disbursements:			
Debt Service	11,272		11,272
Other Non-Operating Cash Disbursements		10,020	10,020
Total Non-Operating Cash Disbursements	<u>11,272</u>	<u>10,020</u>	<u>21,292</u>
Net Receipts Over/(Under) Disbursements	(34,937)	(1,081)	(36,018)
Fund Cash Balances, January 1	<u>63,223</u>	<u>1,303</u>	<u>64,526</u>
Fund Cash Balances, December 31	<u>\$ 28,286</u>	<u>\$ 222</u>	<u>\$ 28,508</u>

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

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Corning, Perry County (the Village), is a body corporate and politic established to exercise 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, and an elected Mayor and Clerk. The Village provides general governmental services, including police services, fire protection services, emergency medical services, cemetery maintenance, maintenance of Village streets and highways, and water utility services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village Clerk invests all available funds of the Village in a non-interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

FEMA HMGP Fund - This fund receives federal and state monies for hazard mitigation purposes.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Fire Debt Service Fund - This fund was established to account for the payment of principal and interest on a new fire truck. Funds are provided by transfers from the General Fund.

4. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 243,868	\$ 166,477

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 155,814	\$ 108,284	\$ (47,530)
Special Revenue	707,330	693,290	(14,040)
Debt Service	0	16,985	16,985
Enterprise	134,375	188,145	53,770
Total	\$ 997,519	\$ 1,006,704	\$ 9,185

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 167,719	\$ 162,444	\$ 5,275
Special Revenue	749,150	543,627	205,523
Debt Service	16,581	16,985	(404)
Enterprise	127,000	206,586	(79,586)
Total	\$ 1,060,450	\$ 929,642	\$ 130,808

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 132,988	\$ 134,913	\$ 1,925
Special Revenue	125,551	119,735	(5,816)
Enterprise	107,500	100,403	(7,097)
Total	\$ 366,039	\$ 355,051	\$ (10,988)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 115,950	\$ 143,592	\$ (27,642)
Special Revenue	88,356	121,369	(33,013)
Enterprise	123,345	135,340	(11,995)
Total	\$ 327,651	\$ 400,301	\$ (72,650)

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Appropriations exceeded budgeted revenue and actual receipts plus January 1 unencumbered cash in several funds at December 31, 2000, contrary to Ohio law..

Expenditures exceeded appropriations in several funds at December 31, 1999, due to the failure to adopt appropriation amendments.

4. DEBT

Debt outstanding at December 31, 2000, was as follows:

	Principal	Interest Rates
Ohio Water Development Authority Loans	\$ 151,398	0.00%
General Obligation Notes	153,181	6.00% - 9.50%
Lease	8,084	6.45%
Total	\$ 312,663	

The Ohio Water Development Authority (OWDA) loans were used for utility system improvements and will be repaid from utility system revenues.

The Village entered into a capital lease with the Ford Motor Credit Company in 1999 for the purchase of a police cruiser. The original lease amount was for \$24,824, with an advance payment of \$8,617, and annual payments of \$8,617. The lease is secured solely by the police cruiser. At the end of the lease agreement, the Village has the option to assume ownership of the police cruiser at no additional expense.

The general obligation notes consist of issues for a fire truck, back hoe and an emergency squad. The full faith and credit of the Village have been pledged to repay this debt.

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

Year ending December 31:	OWDA Loans	General Obligation Notes	Police Cruiser Capital Lease
2001	\$ 11,272	\$ 17,192	\$ 8,617
2002	11,272	150,566	0
2003	11,272	0	0
2004	11,272	0	0
2005	11,272	0	0
Subsequent	95,038	0	0
Total	\$ 151,398	\$ 167,758	\$ 8,617

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their gross salaries to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

Effective July 1, 1991, elected officials not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2000, one elected official has elected Social Security. The Village's liability is 6.2% of wages paid.

6. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

- Comprehensive property, general liability and inland marine
- Vehicles, including fire vehicles, liability, comprehensive and collision
- Public officials' and law enforcement liability
- Wrongful acts and dishonesty bond

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. CONTINGENCIES

Grants

The Village received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2000.

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**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	<u>Disbursements</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass through State Department of Development:</i>			
Community Development Block Grant - State's Program	14.228	B-F-98-059-1 B-F-99-059-1	\$ 43,927 <u>48,963</u>
Total Community Development Block Grant Program			<u>92,890</u>
Total U.S. Department of Housing and Urban Development			92,890
Federal Emergency Management Agency			
<i>Pass through Ohio Emergency Management Agency:</i>			
Public Assistance Grant	83.544	DR-1227	6,717
Hazard Mitigation Grant Program	83.548	DR-1227-OH	<u>221,969</u>
Total Federal Emergency Management Agency			<u>228,686</u>
Total Federal Awards Expenditures			<u>\$ 321,576</u>

The accompanying notes to this Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain federal programs require that the Village contribute non-federal funds (matching funds) to support the federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Corning, Perry County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 27, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-31064-001 through 2000-31064-003. In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 27, 2001.

Village of Corning
Perry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended for the information and use of the Village Council, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 27, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Corning, Perry County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The Village's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, we noted an immaterial instance of noncompliance that does not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated July 27, 2001.

Internal Control over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Village Council, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 27, 2001

VILLAGE OF CORNING
PERRY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
DECEMBER 31, 2000 AND 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Hazard Mitigation Grant Program CFDA # 83.548
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-31064-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. In addition, a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

Budgeted revenue exceeded actual revenue and appropriations were greater than actual revenue at December 31, 2000, as follows:

<u>Fund</u>	<u>Budgeted Revenue</u>	<u>Actual Revenue Plus Unencumbered Cash</u>	<u>Appropriation Authority</u>
Parks	\$ 9,000	\$ 5,032	\$ 9,650
FEMA HMGP	638,000	595,137	638,000
Building	8,000	3,029	8,500

We recommend the Village monitor estimated and actual revenues for all funds on a regular basis. In the situation where budgeted revenue exceeds actual revenue and appropriations exceed actual revenue, a reduced amended certificate must be obtained and appropriations adjusted accordingly.

FINDING NUMBER 2000-31064-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 115,950	\$ 143,592	\$ (27,642)
Street Maintenance and Repair	30,855	32,465	(1,610)
FEMA HMGP	0	19,885	(19,885)
COPS Fast	0	3,414	(3,414)

This could result in the Village overspending available fund balances.

VILLAGE OF CORNING
PERRY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-31064-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend that actual expenditures be monitored throughout the year in comparison to budgeted amounts.

FINDING NUMBER 2000-31064-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section provides two "exceptions" to the above requirement:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

For 100% of the transactions tested in 1999 and for 62% of the transactions tested in 2000, the Clerk's certification was not obtained prior to incurring the obligation.

We recommend the Village utilize purchase orders and obtain the Clerk's certification of the availability of funds prior to a commitment being incurred.

3. FINDINGS FOR FEDERAL AWARDS

None.

**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-31064-001	A finding for recovery was issued against several current and former members of the Village Council and Board of Public Affairs members for overpayment of compensation in 1997, totaling \$1,326.	No	Not Corrected. No action was taken by the Council, the Village's legal counsel or the Perry County Prosecuting Attorney.
1998-31064-002	A noncompliance citation was issued under Ohio Rev. Code Section 5705.36 for failing to certify to the County Auditor the total amounts from all sources available for expenditure for 1997 and 1998.	Yes	N/A
1998-31064-003	A noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for failing to adopt annual appropriations measures for 1997 and 1998.	Yes	N/A
1998-31064-004	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expending monies without having approved appropriations measures for 1997 and 1998.	No	Not Corrected: Some funds exceeded appropriations in 1999. This item is repeated in the current Schedule of Findings as item 2000-31064-002.
1998-31064-005	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not using the encumbrance method of accounting.		Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-003.
1998-31064-006	A reportable condition was issued for not properly following budgetary procedures, including the lack of tax budgets, appropriations and amended certificates of estimated resources.	Yes	N/A



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VILLAGE OF CORNING

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2001**