



**VILLAGE OF CORNING
PERRY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



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 43730-0447

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 year ended December 31, 2001. 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 and reserves for encumbrances of the Village of Corning, Perry County, as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2002, 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

February 22, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 34,421	\$ 10,862	\$ 45,283
Intergovernmental Receipts	47,464	331,275	378,739
Charges for Services		81,794	81,794
Fines, Licenses, and Permits	6,229		6,229
Miscellaneous	3,355	3,238	6,593
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	91,469	427,169	518,638
Cash Disbursements:			
Current:			
Security of Persons and Property	42,170	140,339	182,509
Public Health Services	100	5,479	5,579
Leisure Time Activities		3,328	3,328
Community Environment		393,418	393,418
Transportation		26,381	26,381
General Government	31,748	5,471	37,219
Debt Service:			
Principal Payments	8,084	14,079	22,163
Interest Payments	533	10,762	11,295
Capital Outlay		11,037	11,037
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,635	610,294	692,929
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	8,834	(183,125)	(174,291)
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	250		250
Proceeds of Notes		72,236	72,236
Other Financing Sources		2,946	2,946
Transfers-In		6,550	6,550
Advances-In		2,500	2,500
Other Financing Uses	(1,603)	(1,401)	(3,004)
Transfers-Out	(6,550)		(6,550)
Advances-Out	(7,800)		(7,800)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(15,703)	82,831	67,128
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(6,869)	(100,294)	(107,163)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	15,800	217,672	233,472
Fund Cash Balances, December 31	<u>\$ 8,931</u>	<u>\$ 117,378</u>	<u>\$ 126,309</u>
Reserves for Encumbrances, December 31	<u>\$ 352</u>	<u>\$ 455</u>	<u>\$ 807</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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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	\$ 127,514	\$	\$ 127,514
Miscellaneous	<u>1,729</u>		<u>1,729</u>
Total Operating Cash Receipts	<u>129,243</u>	<u>0</u>	<u>129,243</u>
Operating Cash Disbursements:			
Personal Services	26,332		26,332
Fringe Benefits	4,529		4,529
Contractual Services	264,174		264,174
Supplies and Materials	83,189		83,189
Miscellaneous	<u>238</u>		<u>238</u>
Total Operating Cash Disbursements	<u>378,462</u>	<u>0</u>	<u>378,462</u>
Operating Income/(Loss)	<u>(249,219)</u>	<u>0</u>	<u>(249,219)</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes	237,148		237,148
Other Non-Operating Cash Receipts	<u>12,500</u>	<u>7,548</u>	<u>20,048</u>
Total Non-Operating Cash Receipts	<u>249,648</u>	<u>7,548</u>	<u>257,196</u>
Non-Operating Cash Disbursements:			
Debt Service	11,272		11,272
Other Non-Operating Cash Disbursements		<u>7,645</u>	<u>7,645</u>
Total Non-Operating Cash Disbursements	<u>11,272</u>	<u>7,645</u>	<u>18,917</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances	(10,843)	(97)	(10,940)
Advances-In	<u>5,300</u>		<u>5,300</u>
Net Receipts Over/(Under) Disbursements	(5,543)	(97)	(5,640)
Fund Cash Balances, January 1	<u>9,845</u>	<u>551</u>	<u>10,396</u>
Fund Cash Balances, December 31	<u>\$ 4,302</u>	<u>\$ 454</u>	<u>\$ 4,756</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2001**

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. 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 prescribed or permitted by the Auditor of State.

C. Cash

The Village Clerk places 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, 2001
(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. **Enterprise Funds**

These funds account 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 significant Enterprise Fund:

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

4. **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. Unencumbered appropriations lapse at year end.

2. **Estimated Resources**

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

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2001 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

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2001, was as follows:

Demand Deposits	<u><u>\$ 131,065</u></u>
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Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2001, was as follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,378	\$ 91,719	\$ 3,341
Special Revenue	758,089	511,401	(246,688)
Enterprise	729,522	384,191	(345,331)
Total	<u><u>\$ 1,575,989</u></u>	<u><u>\$ 987,311</u></u>	<u><u>\$ (588,678)</u></u>

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,310	\$ 98,940	\$ 24,370
Special Revenue	1,185,716	612,150	573,566
Enterprise	818,300	389,734	428,566
Total	\$ 2,127,326	\$ 1,100,824	\$ 1,026,502

Estimated resources exceeded actual revenue and appropriations were greater than actual revenue plus unencumbered cash at December 31, 2001, in several funds, contrary to Ohio law.

4. DEBT

Debt outstanding at December 31, 2001, was as follows:

	Principal	Interest Rates
Ohio Water Development Authority Loans	\$ 140,126	0.00%
General Obligation Notes	211,322	5.60% - 6.00%
Total	\$ 351,448	

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

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

New debt issued in 2001 consisted of a general obligation note with North Valley Bank for the purchase of an emergency squad. The original note amount was for \$86,236, with a down payment made of \$20,000. Additionally, the Village entered into a general obligation note with North Valley Bank for the purchase of a generator. The original amount was for \$6,000.

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. DEBT (Continued)

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

Year ending December 31:	OWDA Loans	General Obligation Notes
2002	\$ 11,272	\$ 171,815
2003	11,272	15,249
2004	11,272	15,249
2005	11,272	15,249
2006	11,272	7,625
Subsequent	83,766	0
Total	\$ 140,126	\$ 225,187

5. 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 April 30.

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

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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.

**VILLAGE OF CORNING
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, members of OP&F contributed 10% of their gross salaries to the OP&F. The Village contributed an amount equal to 19.5% of police participant wages. For 2001, PERS members contributed 8.5% of their gross salaries. For 2001, the Village contributed an amount equal to 13.55% of PERS participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

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, 2001, no elected officials have elected to choose Social Security.

7. 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

8. 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, 2001.

9. SUBSEQUENT EVENTS

Debt issued in 2001 for the purchase of a generator is due on February 27, 2002, in full. The final payment, including principal and interest, is \$6,304. However, the Village plans to make a \$500 payment to the bank on February 27, 2002, and refinance the note for an additional year.

On February 18, 2002, the Village Council took action to convert unpaid interfund cash advances existing at December 31, 2000, to permanent transfers.

**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

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	C-P-00-239-1 C-W-00-239-1	\$ 300,000 94,839
<i>Pass through Tri-County Community Action Commission:</i>			
Community Development Block Grant - State's Program		N/A	<u>11,037</u>
Total Community Development Block Grant Program			<u>405,876</u>
Total U.S. Department of Housing and Urban Development			405,876
Federal Emergency Management Agency			
<i>Pass through Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant Program	83.548	DR-1227-OH	<u>100,163</u>
Total Federal Emergency Management Agency			<u>100,163</u>
Total Federal Awards Expenditures			<u>\$ 506,039</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, 2001**

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 43730-0447

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 year ended December 31, 2001, and have issued our report thereon dated February 22, 2002. 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 2001-31064-001 and 2001-31064-002. In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 22, 2002.

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 February 22, 2002.

Village of Corning
Perry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Village Council, 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

February 22, 2002



STATE OF OHIO
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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 43730-0447

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, 2001. 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 Village'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, 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 management, the Village Council, 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

February 22, 2002

**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 2001**

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):	Community Development Block Grant - CFDA #14.228
(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
FOR THE YEAR ENDED DECEMBER 31, 2001
(Continued)

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

FINDING NUMBER 2001-31064-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any 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 purpose 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.

The following exceptions to this basic requirement are provided by statute:

- ▶ "Then and Now Certificate": This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

For 63% of the nonpayroll expenditures tested, the obligation was not certified by the fiscal officer prior to the invoice date.

We recommend the Village certify the availability of funds prior to a commitment being incurred.

FINDING NUMBER 2001-31064-002

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. The Village must request a reduced amended certificate when actual receipts plus January 1 unencumbered cash will be less than amounts appropriated.

VILLAGE OF CORNING
PERRY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 2001
(Continued)

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

FINDING NUMBER 2001-31064-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.36 (Continued)

Estimated resources exceeded actual revenue and appropriations were greater than actual revenue plus unencumbered cash at December 31, 2001, as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Actual Revenue Plus Unencumbered Cash</u>	<u>Appropriation Authority</u>
Parks	\$ 9,867	\$ 3,328	\$ 9,475
FEMA - HMGP	751,955	437,144	872,800
Waterline Project	725,714	227,925	650,874
Building	519	169	300
Street Construction, Maintenance and Repair	33,451	25,339	31,500

This can cause the Village to spend more money than is available.

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.

3. FINDINGS FOR FEDERAL AWARDS

None.

**VILLAGE OF CORNING
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE YEAR ENDED DECEMBER 31, 2001**

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	Finding No Longer Valid: No action was ever taken by the Village Council, legal counsel or the Perry County Prosecuting Attorney to recover the overpayments.
2000-31064-001	A noncompliance citation was issued under Ohio Rev. Code Section 5705.36 for budgeted revenue exceeding actual revenue at December 31, 2000.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2001-31064-002
2000-31064-002	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expending monies without having approved appropriations measures for 1999.	Yes	N/A
2000-31064-003	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not using the properly using the encumbrance method of accounting.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2001-31064-001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
APRIL 2, 2002**