



***VILLAGE OF CORNING  
PERRY COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2020 and 2019**

**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, Ohio 43730

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, 2019 through December 31, 2020. 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.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 12, 2021**

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**VILLAGE OF CORNING, PERRY COUNTY**  
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For the Years Ended December 31, 2020 and 2019

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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 Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and related notes of the Village of Corning, Perry County, Ohio (the Village) as of and for the years ended December 31, 2020 and 2019.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the December 31, 2020 and 2019 financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of American (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2020 and 2019, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Corning, Perry County as of December 31, 2020 and 2019, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 of the December 31, 2020 financial statements and Note 12 of the December 31, 2019 financial statements, the Village is experiencing financial difficulties resulting in negative fund balances in the General Fund, Street Construction, Maintenance and Repair, 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 2020, 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.



Members of Council  
Village of Corning, Perry County  
Independent Auditor's Report

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2021 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

June 7, 2021

**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, 2020**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Other Local Taxes	\$28,525	\$49,540	\$78,065
Intergovernmental	28,562	125,347	153,909
Charges for Service	0	147,655	147,655
Fines, Licenses, and Permits	17,791	2,219	20,010
Earnings on Investments	2,385	0	2,385
Miscellaneous	25,378	10,018	35,396
Total Cash Receipts	<u>102,641</u>	<u>334,779</u>	<u>437,420</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	28,723	3,632	32,355
Security of Persons and Property	41,782	38,585	80,367
Public Health Services	0	58,487	58,487
Leisure Time Activities	481	0	481
Basis Utility Services	2,796	750	3,546
Transportation	377	34,000	34,377
Capital Outlay	0	90,124	90,124
<i>Debt Service:</i>			
Principal	0	17,853	17,853
Interest and Fiscal Charges	0	3,546	3,546
Total Cash Disbursements	<u>74,159</u>	<u>246,977</u>	<u>321,136</u>
Cash Receipts Over (Under) Cash Disbursements	28,482	87,802	116,284
<b><u>Other Financing Sources (Uses):</u></b>			
Debt Proceeds	0	76,573	76,573
Other Financing Uses	0	(425)	(425)
Sale of Capital Assets	50	0	50
Advances In	29,724	59	29,783
Advances Out	(59)	(29,724)	(29,783)
Total Other Financing Sources (Uses)	<u>29,715</u>	<u>46,483</u>	<u>76,198</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	58,197	134,285	192,482
Fund Cash Balances, January 1	<u>(38,296)</u>	<u>(11,603)</u>	<u>(49,899)</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$19,901</u></b>	<b><u>\$122,682</u></b>	<b><u>\$142,583</u></b>

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, 2020**

	Fiduciary Fund Type		Totals
	Enterprise	Agency	
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$310,977	\$0	\$310,977
Total Operating Cash Receipts	310,977	0	310,977
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	65,442	0	65,442
Employee Fringe Benefits	11,070	0	11,070
Contractual Services	108,017	0	108,017
Supplies and Materials	9,881	0	9,881
Total Operating Cash Disbursements	194,410	0	194,410
Operating Income (Loss)	116,567	0	116,567
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Miscellaneous Receipts	11,793	0	11,793
Capital Outlay	(16,883)	0	(16,883)
Principal Retirement	(43,486)	0	(43,486)
Interest and Fiscal Charges	(53,174)	0	(53,174)
Other Financing Sources	0	26,001	26,001
Other Financing Uses	0	(26,001)	(26,001)
Total Non-Operating Cash Receipts (Disbursements)	(101,750)	0	(101,750)
Income (Loss) before Transfers	14,817	0	14,817
Transfers In	114,870	0	114,870
Transfers Out	(114,870)	0	(114,870)
Net Change in Fund Balances	14,817	0	14,817
Fund Cash Balances, January 1	440,536	0	440,536
<b>Fund Cash Balances, December 31</b>	<b>\$455,353</b>	<b>\$0</b>	<b>\$455,353</b>

See accompanying notes to the financial statements.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Corning (the Village), Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides 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 present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets and bridges within the Village. The fund is also receives money from two levies voted by the citizens of the Village through fiscal year 2024 for the street, construction, maintenance and repair and for bridge repair, maintenance and replacement of bridges within the Village.

***State Highway Fund*** The state highway 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 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 2020.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Sewer 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 Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

***Mayor's Court Fund*** This fund pertains to Mayor's Court fines, fees revenue and expenditures to state and county agencies as required by law.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

***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 canceled, and reappropriated in the subsequent year.

A summary of 2020 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. 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 2020 with interest to be deposited to the General Fund.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

VILLAGE OF CORNING, OHIO  
Perry County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

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

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

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

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

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street, Construction, Maintenance and Repair Fund by (\$1,516.33); Sewer Operating Fund by (\$3,88.07); USDA/RDA Debt Service Payment (\$137.50) for the year ended December 31, 2020.

Also contrary to Ohio law, for the year ended December 31, 2020, the following funds had cash deficit balances: Street Construction, Maintenance and Repair Fund (\$2,263.47), EMS Fund (\$44,587.21) and Water Operating Fund (\$4,412.69).

Careful planning has reduced the deficits of these funds and will continue to work to bring these funds into positive balance.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

**2020 From Comparison of Budgeted and Actual Receipts**

Fund	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$93,030	\$102,691	\$9,661
Special Revenue Funds	346,586	411,352	64,766
Enterprise Funds	452,652	437,640	(15,012)
Total Receipts	<u>\$892,268</u>	<u>\$951,683</u>	<u>\$59,415</u>

**2020 From Comparison of Disbursements and Encumbrances within Expenditure Authority**

Fund	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$75,000	\$74,159	\$841
Special Revenue Funds	265,987	247,402	18,585
Enterprise Funds	443,950	422,823	21,127
Total Appropriations	<u>\$784,937</u>	<u>\$744,384</u>	<u>\$40,553</u>



VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable 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, 2020 were as follows:

	<u>2020</u>
Demand Deposits	\$399,998
Star Ohio	225,000
Outstanding Checks	(27,087)
Deposits in Transit	<u>25</u>
 Total	 \$597,936

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 2020. 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.

***Deposits***

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

***Investments***

Star Ohio holds the Village’s investment and maintains records identifying the Village as owner of these securities.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Taxes**

***Property Taxes***

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

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

**Note 7 – Interfund Balances**

There are no Outstanding Advances at December 31, 2020.

**Note 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.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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, 2020 and 2019 (the latest information available).

	2020	2019
Assets	\$18,826,974	\$15,920,504
Liabilities	(11,329,011)	(13,530,267)
Members Equity	\$7,497,963	\$2,390,237

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 2020 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 2020.

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, 2020. Mayor and Council contributed their gross salaries to the village.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 11 – Debt**

Debt outstanding at December 31, 2020 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
United States Dept of Agriculture, RDA Loan	\$1,325,000	3.75%
Ohio Water Development Auth. Loan #7679	\$446,975	1.14%
Ohio Public Works Commission Loan #CT601	\$162,000	0.00%
Park National Bank-Vehicle Bond	\$65,262	3.99%
Ohio Public Works Commission Loan #CT78C	\$15,459	0.00%
North Valley Bank (Bridge Loan #457101)	<u>\$72,497</u>	2.84%
Total	<u><u>\$2,087,193</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.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Amortization***

Principal and interest requirements for loans outstanding at December 31, 2020 are as follows:

	AMMORTIZATION					
	<u>OPWC</u>	<u>OPWC</u>	<u>OWDA</u>	<u>USDA</u>	<u>SQUAD PARK NAT</u>	<u>BRIDGE N VALLEY</u>
2020	3,865	9,000	18,413	74,588	16,784	4616
2021	7,730	18,000	18,413	74,302	16,784	18,162
2022	7,730	18,000	18,413	74,302	16,784	18,162
2023	3,865	18,000	18,413	74,302	16,784	18,162
2024		18,000	18,413	73,302	16,784	18,162
2025		18,000	18,413	74,302	4,212	4,456
2026-2030		81,000	92,066	371,508		
2031-2035			92,066	371,508		
2036-2040			92,066	371,508		
2041-2045			92,066	371,508		
2046-2050			64,446	371,508		
	19,326	171,000	524,773	2,228,450	71,280	77,105

**Note 12 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

VILLAGE OF CORNING, OHIO  
*Perry County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 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 2020, the Village received CARES Act funding. The amount received was \$53,740. \$3,900 remains in fund for back-ordered items. The amount returned to the granting agency was \$226. \$49,614 in expenditures were recorded in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements,

**Note 14 – Financial Difficulties**

There are negative fund balances for the, Street Construction Maintenance and Repair Fund, EMS Fund and Water Operating Fund at 2020 year end. The EMS Fund has received all of the past and current levy revenue from Monroe Township in 2020. The expense and revenue for the EMS has undergone 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 Street Construction Maintenance Repair Fund was hit with equipment failures and street repair issues. There was some help from permissive tax usage. The 5 Mil Levy for Street Construction Maintenance and Repair and a 5 Mil Levy for Bridge Construction Maintenance and Repair were voted on and approved by the village voters with revenue beginning in 2020. Gas Tax revenue was lower than expected due to the Pandemic. The bridge has been replaced and a loan taken out at North Valley Bank to cover the cost. The loan will be repaid from the levy receipts for the five year period. The passage of the Street Levy will also help to get the fund in line. The cemetery levy will pay for additional maintenance and care.

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 2020 and studies are underway to determine if rates need to be increased in 2021. Routine maintenance and monitoring issues are also being addressed.

The Nature Works Grant was received and the advance was returned to the General Fund. The additional revenue from the Star Ohio investment was considerably less than anticipated in 2020. The Mayor and Council are again donating their salaries back to the village.

**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, 2019**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Other Local Taxes	\$29,472	\$610	\$30,082
Intergovernmental	30,029	19,746	49,775
Charges for Service	0	126,161	126,161
Fines, Licenses, and Permits	15,835	1,358	17,193
Earnings on Investments	5,778	0	5,778
Miscellaneous	2,258	7,195	9,453
Total Cash Receipts	<u>83,372</u>	<u>155,070</u>	<u>238,442</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	27,330	1,000	28,330
Security of Persons and Property	39,810	45,721	85,531
Public Health Services	0	4,844	4,844
Leisure Time Activities	756	0	756
Transportation	61	6,680	6,741
Basis Utility Services	2,710	727	3,437
Capital Outlay	0	29,724	29,724
<i>Debt Service:</i>			
Principal	0	24,264	24,264
Interest and Fiscal Charges	0	3,975	3,975
Total Cash Disbursements	<u>70,667</u>	<u>116,935</u>	<u>187,602</u>
Cash Receipts Over (Under) Cash Disbursements	12,705	38,135	50,840
<b><u>Other Financing Sources (Uses):</u></b>			
Advance Out	(29,724)	0	(29,724)
Advance In	0	29,724	29,724
Sale of Capital Assets	1,200	0	1,200
Other Financing Uses	(79)	0	(79)
Special Item	0	6,771	6,771
Transfers In	665	130	795
Transfers Out	(130)	(597)	(727)
Total Other Financing Sources (Uses)	<u>(28,068)</u>	<u>36,028</u>	<u>7,960</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(15,363)	74,163	58,800
Fund Cash Balances, January 1	<u>(22,933)</u>	<u>(85,766)</u>	<u>(108,699)</u>
Restricted	0	94,496	94,496
Assigned	0	784	784
Unassigned	(38,296)	(106,883)	(145,179)
<b>Fund Cash Balances, December 31</b>	<b><u>(\$38,296)</u></b>	<b><u>(\$11,603)</u></b>	<b><u>(\$49,899)</u></b>

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, 2019**

	Fiduciary Fund Type		Totals
	Enterprise	Agency	
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$320,180	\$0	\$320,180
Total Operating Cash Receipts	320,180	0	320,180
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	86,703	0	86,703
Employee Fringe Benefits	12,518	0	12,518
Contractual Services	118,923	0	118,923
Supplies and Materials	29,749	0	29,749
Total Operating Cash Disbursements	247,893	0	247,893
Operating Income	72,287	0	72,287
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Miscellaneous Receipts	5,728	0	5,728
Capital Outlay	(9,796)	0	(9,796)
Principal Retirement	(75,210)	0	(75,210)
Interest and Fiscal Charges	(56,748)	0	(56,748)
Other Financing Sources	0	21,455	21,455
Other Financing Uses	0	(21,455)	(21,455)
Total Non-Operating Cash Receipts (Disbursements)	(136,026)	0	(136,026)
Income (Loss) before Transfers	(63,739)	0	(63,739)
Transfers In	118,742	0	118,742
Transfers Out	(118,742)	(68)	(118,810)
Net Change in Fund Balances	(63,739)	(68)	(63,807)
Fund Cash Balances, January 1	504,275	68	504,343
<b>Fund Cash Balances, December 31</b>	<b>\$440,536</b>	<b>\$0</b>	<b>\$440,536</b>

See accompanying notes to the financial statements.



**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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**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'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.
- 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.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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- 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.

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.

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.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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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 2019 budgetary activity appears in Note 4.

Deposits and Investments – The Village has invested \$225,000 in Star Ohio in 2019 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.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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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.

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 expenditures exceeded appropriation authority in the General Fund by (\$25,599.08) for the year ended December 31, 2019. However, an advance was made from the General Fund to the Nature Works Fund for a grant. Recovery of \$29,724 will be reimbursed from Nature Works in 2020. General Fund Appropriation would have been positive \$4,124.92 if not for the advance. Also contrary to Ohio law, the Sewer Operating Fund exceeded appropriation authority by (\$32,347.31), and the Water Operating Fund by (\$27,737.78).

Also contrary to Ohio law, for the year ended December 31, 2019, the following funds had cash deficit balances: General Fund (\$38,296.29), Street Construction, Maintenance and Repair Fund (28,635.75), EMS Fund (78,246.83) and Water Operating Fund (6,546.71).

Furthermore, appropriations exceeded estimated resources in a few funds for the year ended December 31, 2018.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

**4. BUDGETARY ACTIVITY**

Budgetary activity for the Year ending December 31, 2019:

**2019 From Comparison of Budgeted and Actual Receipts**

Fund	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$83,514	\$85,237	\$1,723
Special Revenue Funds	133,755	161,971	28,216
Enterprise Funds	324,100	444,650	120,550
Total Receipts	<u>\$541,369</u>	<u>\$691,858</u>	<u>\$150,489</u>

**2019 From Comparison of Disbursements and Encumbrances within Expenditure Authority**

Fund	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	\$75,000	\$70,876	\$4,124
Special Revenue Funds	135,554	117,532	18,022
Enterprise Funds	434,285	508,389	(74,104)
Total Appropriations	<u>\$644,839</u>	<u>\$696,797</u>	<u>(\$51,958)</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>2019</u>
Demand Deposits	\$211,522
Star Ohio	225,000
Outstanding Checks	(46,238)
Deposits in Transit	<u>353</u>
Total	\$390,637

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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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.

**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**

Advances

Outstanding advances at December 31, 2019, consisted of \$29,724 from the General Fund advanced to the Nature Works Fund to provide working capital for operations of projects.

**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.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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, 2019 and 2018 (the latest information available).

	2019	2018
Assets	\$15,920,504	\$15,065,412
Liabilities	(13,530,267)	(10,734,623)
Members Equity	\$2,390,237	\$4,330,789

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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 2019 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 2019.

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, 2019.

**10. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans. 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 2019.

**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

**11. DEBT**

Debt outstanding at December 31, 2019 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
United States Dept of Agriculture, RDA Loan	\$1,349,000	3.75%
Ohio Water Development Auth. Loan #7679	\$453,596	1.14%
Ohio Public Works Commission Loan #CT78C	\$171,000	0.00%
Century National Bank-Vehicle Bond	\$79,040	3.99%
Ohio Public Works Commission Loan #CT601	\$19,324	0.00%
 Total	 <u><u>\$2,071,960</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 Century National Bank. The Village's taxing authority collateralized the bond.

Principal and interest requirements for loans outstanding at December 31, 2019 are as follows:

Year Ending December 31:	<u>USDA-RDA</u>	<u>OWDA Loan #7679</u>	<u>OPWC Loan #CT601</u>	<u>Century Nat Village Bond</u>	<u>OPWC Loan #CT78C</u>
2020	\$74,302	\$18,413	\$18,000	\$16,783	\$7,730
2021	\$74,302	\$18,414	\$18,000	\$16,784	\$7,730
2022	\$74,302	\$18,413	\$18,000	\$16,784	\$7,730
2023	\$74,302	\$18,414	\$18,000	\$16,784	
2024	\$74,302	\$18,413	\$18,000	\$16,784	
2025-2029	\$371,508	\$92,065	\$90,000	\$4,211	
2030-2034	\$371,508	\$92,065			
2035-2039	\$371,508	\$92,064			
2040-2044	\$371,508	\$92,066			
2045-2049	\$371,508	\$82,858			
2050-2051	\$91,950				
 2025-209 Total	 <u><u>\$2,321,000</u></u>	 <u><u>\$543,185</u></u>	 <u><u>\$180,000</u></u>	 <u><u>\$88,130</u></u>	 <u><u>\$23,190</u></u>



**VILLAGE OF CORNING**  
**PERRY COUNTY, OHIO**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2019*

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**Note 11 – Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**Note 12 – Financial Difficulties**

The General Fund (\$38,296.29), Street Construction Maintenance and Repair (\$28,635.75), EMS Fund (\$78,246.92) and Water Operating Fund (\$6,546.71) had cash deficit balances at December 31, 2019. The Village will monitor all expenditures of these funds.

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 2019. 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 checking accounts are balanced and transferred to the General Checking Account.

There are negative fund balances for the General Fund, Street Construction Maintenance and Repair Fund, EMS Fund and Water Operating Fund at 2019 year end. The EMS Fund has received all of the past and current levy revenue from Monroe Township in 2019. The expense and revenue for the EMS has undergone a change in 2019. Council voted to shut the EMS down except for volunteer service. The reasoning related to serious lack of taking runs in a timely manner to generate the revenue required to keep the unit functional. Council is studying probable ways to generate revenue to bring the fund positive.

The Street Construction Maintenance Repair Fund was hit hard with equipment breakdowns and repairs of street and mowing duties. Council placed a 5 Mil Levy for Street Construction Maintenance and Repair and a 5 Mil Levy for Bridge Construction Maintenance and Repair on the ballot in November 2019. Both Levies passed and revenue will begin in 2020. Gas Tax revenue will increase beginning in 2020 and will be a substantial help for the village Street Construction Maintenance and Repair and State Highway Funds. Council also placed a new 3 Mil Levy on the ballot in November of 2019 for the Cemetery Fund. This levy also passed and revenue will begin in 2020.

The Water Operating Fund is negative mainly due to water loss from several major leaks and repairs to those leaks. Water and Sewer Rates will be increased and implemented in February 2020. RCAP will also be working with Council to complete an asset management plan for the Enterprise Funds.

An advance from the General Fund to cover expenses for playground equipment, that will be reimbursed through a Nature Works grant approved in 2019 with revenue to be received in 2020. Council and Mayor again have indicated they will forego their monthly salaries and will donate them to the village General Fund. As of December 31, 2019 all previous audit fees have been paid in full. This contributed to additional expense to all Funds in 2019. The audits for 2014-15-16 and 2017-18 are now complete and paid in full. Council voted in April 2019 to invest \$225,000 in Star Ohio to increase the interest revenue. The additional revenue interest has been applied to the General Fund.

**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, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 7, 2021, 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 2020-001, and 2020-003 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 2020-001 through 2020-003.

### **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

June 7, 2021

**VILLAGE OF CORNING, PERRY COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2020 and 2019**

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

***Finding Number 2020-001***

**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 2020 and 2019, 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 2020 and 2019.

For the fiscal year ending December 31, 2020, the following misstatements were noted:

- Debt payments in the amounts of \$12,865 were improperly classified as Interest and Other Fiscal Charges rather than Principal.
- Intergovernmental receipts were improperly recorded as Tax Revenue on the General financial statements in the amount of \$3,058.
- Intergovernmental receipts were improperly recorded as Tax Revenue on the Special Revenue financial statements in the amount of \$1,939.
- During 2018, the Mayor's Court activity was not properly recorded in the Mayor's Court Agency Fund. Receipts and disbursements of the Agency Fund were understated by \$26,001.

**VILLAGE OF CORNING, PERRY COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2020 and 2019**

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***Finding Number 2020-001*** (Continued)

For the fiscal year ending December 31, 2019, the following misstatements were noted:

- Intergovernmental receipts were improperly recorded as Tax Revenue on the Special Revenue financial statements in the amount of \$3,187.
- A debt payment of \$38,605 was improperly classified as Interest and Other Fiscal Charges rather than Principal in the Ohio Public Works Commission Fund.
- During 2019, the Mayor's Court activity was not properly recorded in the Mayor's Court Agency Fund. Receipts and disbursements of the Agency Fund were understated by \$21,455.

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 2020-002***

**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, 2020, the following funds had negative cash fund balances:

- Street Construction Maintenance & Repair Fund - \$2,263
- EMS Fund - \$44,587
- Other Water Operating - \$4,413

At December 31, 2019, the following funds had negative cash fund balances:

- General Fund – \$38,296
- Street Construction Maintenance & Repair Fund - \$28,636
- EMS Fund - \$78,247
- Other Water Operating – \$6,547

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, 2020 and 2019**

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***Finding Number 2020-003***

**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.

***Finding Number 2020-003***

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

- The December 31, 2020 and 2019 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, 2019, appropriations exceeded estimated resources in the General Fund by \$12,697, Street Construction Maintenance & Repair Fund by \$32,748 and EMS Fund by \$79,830.
- For the year ended December 31, 2020, appropriations exceeded estimated resources in the Street Construction Maintenance & Repair Fund by \$747 and EMS Fund by \$47,294.

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, 2020 and 2019*

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2018-001	Material Weakness – Inaccurate budgetary information posted to the accounting system.	Corrected	N/A
2018-002	Material Weakness - audit adjustments were made to correct the Financial Statements.	Not Corrected	Reissued as Finding 2020-001
2018-003	Noncompliance - Negative fund balances	Not Corrected	Reissued as Finding 2020-002
2018-004	Noncompliance and Material Weakness – Failure to properly follow ORC Chapter 5705.	Not Corrected	Reissued as Finding 2020-003
2018-005	Material Weakness – Failure to implement controls over the completeness of EMS billings and receipts.	Corrected	N/A

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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 7/22/2021**

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](http://www.ohioauditor.gov)