

**VILLAGE OF CORNING  
PERRY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2008**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Corning  
P.O. Box 447  
Corning, Ohio 43730

We have reviewed the *Independent Accountants' Report* of the Village of Corning, Perry County, prepared by Knox & Knox, for the audit period January 1, 2008 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

November 5, 2009

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VILLAGE OF CORNING  
PERRY COUNTY

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Accountants and Consultants

## Independent Accountants' Report

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, 2008. 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, if any, 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 described more fully in Note 1, the Village has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2008. In addition to the accompanying financial statements present for 2008, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Corning, Perry County, as of December 31, 2008, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

Also, the accompanying Federal Awards Expenditures Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Knox & Knox***

Orrville, Ohio  
September 18, 2009



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, 2008

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>CASH RECEIPTS:</b>			
Property Tax and Other Local Taxes	\$40,960	\$64,896	\$105,856
Intergovernmental Receipts	27,360	20,029	47,389
Charges for Services	35	69,983	70,018
Fines, Licenses, and Permits	1,320		1,320
Earnings on Investments	1,998	228	2,226
Miscellaneous	1,532	200	1,732
Total Cash Receipts	73,205	155,336	228,541
<b>CASH DISBURSEMENTS</b>			
Current:			
Security of Persons and Property	18,789	113,265	132,054
Public Health Services		6,764	6,764
Leisure Time Activities	1,296		1,296
Transportation		27,349	27,349
General Government	45,802		45,802
Debt Service			
Redemption of Principal	2,788	18,432	21,220
Interest	73	7,995	8,068
Total Cash Disbursements	68,748	173,805	242,553
Total Cash Receipts Over/(Under) Cash Disbursements	4,457	(18,469)	(14,012)
Cash Fund Balances, January 1	72,188	195,629	267,817
<b>CASH FUND BALANCES, DECEMBER 31</b>	<b>\$76,645</b>	<b>\$177,160</b>	<b>\$253,805</b>

*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 - PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Types		Totals
	Enterprise	Agency	(Memorandum Only)
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$329,522		\$329,522
Total Operating Cash Receipts	329,522		329,522
<b>OPERATING CASH DISBURSEMENTS::</b>			
Personal Services	31,830		31,830
Employee Fringe Benefits	5,446		5,446
Contractual Services	276,166		276,166
Supplies and Materials	8,080		8,080
Total Operating Cash Disbursements	321,522		321,522
Operating Income/(Loss)	8,000		8,000
<b>NON-OPERATING CASH RECEIPTS</b>			
Earnings on Investments	182,646		182,646
Miscellaneous Receipts	4,050		4,050
Intergovernmental Receipts	1,903,721		1,903,721
Total Non-Operating Cash Receipts	2,090,417		2,090,417
<b>NON-OPERATING CASH DISBURSEMENTS</b>			
Debt Service			
Redemption of Principal	502,719		502,719
Interest and Other Fiscal Charges	543		543
Capital Outlay	1,585,623		0
Total Non-Operating Cash Disbursements	2,088,885		2,088,885
Net Receipts Over/(Under) Disbursements	9,532		9,532
Fund Cash Balances, January 1	162,660	\$68	162,728
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$172,192</b>	<b>\$68</b>	<b>\$172,260</b>

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

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Corning, Perry County, Ohio, (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, cemetery maintenance, maintenance of Village streets and highways, water utility services, park operations, police services, fire services, and emergency medical 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 INVESTMENTS**

The Village Clerk places all available funds of the Village in an 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **FUND ACCOUNTING** (continued)

2. **Special Revenue Funds** (continued)

*State Highway Fund* - This fund receives gasoline tax money for maintaining and repairing state highways within the Village.

*Cemetery Fund* - This fund money from the selling of cemetery lots and the opening and closing of graves for general maintenance and operation of the cemetery.

*EMS Fund* - This fund receives money from three surrounding townships for emergency medical services, as well as money from charges related to emergency medical services runs.

*Fire Levy Fund* - This fund is used to account for property tax monies to provide fire protection.

3. **Enterprise Funds**

These funds are used to 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 funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing water service.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing sewer service.

4. **Fiduciary Funds (Agency Funds)**

These funds account for activity for which the Village is acting in an agency capacity. The Village had the following significant Agency Funds:

*Mayor's Court Fund* - This agency fund accounts for and reports the financial activity of the Mayor's Court of the Village.

*Bridgebuilders Fund* - The Village is acting as a fiscal agent for a program aiding against underage alcohol consumption.

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the department, division or office level of control, and within each, amounts appropriated for personal services. The Village 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

3. **Encumbrances**

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

A summary of 2008 budgetary activity appears in Note 3.

F. **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.

G. **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.

2. **EQUITY IN POOLED CASH**

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

	<u>2008</u>
Demand deposits	<u>\$426,065</u>

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**2. EQUITY IN POOLED CASH** (continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008, follows:

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$76,116	\$73,205	(\$2,911)
Special Revenue	124,150	155,336	31,186
Enterprise	222,458	2,419,939	2,197,481
Total	\$422,724	\$2,648,480	\$2,225,756

Fund Type	2008 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,877	\$68,748	\$14,129
Special Revenue	186,690	173,805	12,885
Enterprise	4,758,890	2,410,407	2,348,483
Total	\$5,028,457	\$2,652,960	\$2,375,497

Contrary to the Ohio Revised Code, appropriations exceeded estimated resources in the Enterprise Fund type.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments for 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 owner, who must file a list of such property to the County by each April 30.

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

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**5. DEBT**

Debt outstanding at December 31, 2007 was as follows:

General Obligation Notes		Interest Rate
Loan No. 38811	9,805	5.25%
Loan No. 90861	10,342	5.25%
Loan No. 127036	113,496	5.25%
Ohio Public Works Commission		
Loan No. OPC CR 451	32,015	
Loan No. OPC CR 618	17,880	
Loan No. OPC CT 869	11,326	
Loan No. OPC CT 78C	<u>102,888</u>	
	<u><u>\$297,752</u></u>	

Loan Number 38811 is for an amount needed to complete the new water tower.

Loan Number 90861 is for an amount needed to purchase a fire truck.

Loan Number 127036 is for a fire truck.

Loan Number OPWC CR451 is for the water distribution system replacement.

Loan Number OPWC CR 618 is for a water line replacement.

Loan Number OPWC CT 869 is for a water line replacement (Phase IV).

Loan Number OPWC CT 78C is for water line improvements (Phase V).

The following are schedules of principal and interest maturities:

Year Ending December 31	Loan No. 38811		
	Payment	Principal	Interest
2009	\$6,844	\$6,450	\$394
2010	<u>3,422</u>	<u>3,355</u>	<u>67</u>
	<u>\$10,266</u>	<u>\$9,805</u>	<u>\$461</u>

Year Ending December 31	Loan No. 90861		
	Payment	Principal	Interest
2009	<u>\$10,572</u>	<u>\$10,342</u>	<u>\$230</u>
	<u>\$10,572</u>	<u>\$10,342</u>	<u>\$230</u>

Year Ending December 31	Loan No. 127036		
	Payment	Principal	Interest
2009	\$12,140	\$5,604	\$6,536
2010	12,140	5,936	6,204
2011	12,140	6,287	5,853
2012	98,465	95,669	2,796
	<u>\$134,885</u>	<u>\$113,496</u>	<u>\$21,389</u>

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

5. **DEBT** (continued)

Year Ending December 31	Loan No. OPWC CR 451		
	Payment	Principal	Interest
2009	\$6,403	\$6,403	
2010	6,403	6,403	
2011	6,403	6,403	
2012	6,403	6,403	
2013	6,403	6,403	
	<u>\$32,015</u>	<u>\$32,015</u>	

Year Ending December 31	Loan No. OPWC CR 618		
	Payment	Principal	Interest
2009	\$3,251	\$3,251	
2010	3,251	3,251	
2011	3,251	3,251	
2012	3,251	3,251	
2013-2014	4,876	4,876	
	<u>\$17,880</u>	<u>\$17,880</u>	

Year Ending December 31	Loan No. OPWC CR 869		
	Payment	Principal	Interest
2009	\$1,618	\$1,618	
2010	1,618	1,618	
2011	1,618	1,618	
2012	1,618	1,618	
2013-2018	4,854	4,854	
	<u>\$11,326</u>	<u>\$11,326</u>	

Year Ending December 31	Loan No. OPWC CT 78C		
	Payment	Principal	Interest
2009	\$7,623	\$7,623	
2010	7,623	7,623	
2011	7,623	7,623	
2012	7,623	7,623	
2013-2017	38,115	38,115	
2018-2022	34,281	34,281	
	<u>\$102,888</u>	<u>\$102,888</u>	

6. **RETIREMENT SYSTEM**

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

Contributions rates are also prescribed by the Ohio Revised Code. For 2008, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant's wages and 24% of fire participant's wages. OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.



VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

8. **RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the Plan) a non-assessable, unincorporated non-profit association providing a formalized, jointly administrative self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) .

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years:

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions

The Village also provides health and life insurance coverage to full-time employees through a private carrier.

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Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE AND OTHER MATTERS  
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, 2008, and have issued our report thereon dated September 18, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Village's management in a separate letter dated September 18, 2009.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards*, and is shown in the accompanying schedule as Finding Number 2008-01.

We intend this report solely for the information and use of the audit committee, management, Village Council, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio  
September 18, 2009

VILLAGE OF CORNING  
PERRY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008

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

**FINDING NUMBER 2008-01**

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that appropriations are limited by estimated resources.

Village appropriations exceeded estimated resources in the following instance at December 31:

<u>Fund Type</u>	<u>Appropriation</u>	<u>Estimated Resources</u>	<u>Variance</u>
Enterprise	\$4,758,890	\$385,118	(\$4,373,772)

Client Response: None

VILLAGE OF CORNING  
PERRY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
RURAL DEVELOPMENT		10.760	\$1,343,181
COMMUNITY DEVELOPMENT BLOCK GRANT	C-W-07-239-1	14.228	<u>218,700</u>
Total Federal Awards Expenditures			<u><u>\$1,561,881</u></u>

*The accompanying notes are an itegral part of this schedule.*

VILLAGE OF CORNING  
PERRY COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. 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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Accountants and Consultants

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 programs for the year ended December 31, 2008. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures 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 of the Village's compliance with those requirements.

In our opinion, the Village of Corning, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended December 31, 2008.

### **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Village of Corning 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.



Village of Corning  
Perry County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

The Village's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, 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.

Orrville, Ohio  
September 18, 2009

VILLAGE OF CORNING  
PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR YEAR ENDED DECEMBER 31, 2008

**1. SUMMARY OF AUDITORS' RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Regulatory- 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 significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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 § .501	No
(d)(1)(vi)	Major Programs (list):	Rural Development CFDA # 10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding 2008-01

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted.



**Mary Taylor, CPA**  
Auditor of State

**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  
NOVEMBER 19, 2009**