

**VILLAGE OF CORNING
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006



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, 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2008

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VILLAGE OF CORNING
PERRY COUNTY

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KNOX & KNOX

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 years ended December 31, 2007 and 2006. 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 years ended December 31, 2007 and 2006. In addition to the accompanying financial statements present for 2007 and 2006, 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 years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years 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, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 April 29, 2008, 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
April 29, 2008

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, 2007

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Property Tax and Other Local Taxes	\$43,138	\$66,345	\$109,483
Intergovernmental Receipts	28,509	22,127	50,636
Special Assessments		123	123
Charges for Services	34,551	39,045	73,596
Fines, Licenses, and Permits	2,476		2,476
Earnings on Investments	2,665	470	3,135
Miscellaneous	10,212	2,127	12,339
	<u>121,551</u>	<u>130,237</u>	<u>251,788</u>
Total Cash Receipts			
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	18,276	47,430	65,706
Public Health Services		4,230	4,230
Leisure Time Activities	1,450		1,450
Community Environment	48,998		48,998
Transportation		23,222	23,222
General Government	36,240		36,240
Debt Service			
Redemption of Principal	2,642	17,191	19,833
Interest	225	8,153	8,378
	<u>107,831</u>	<u>100,226</u>	<u>208,057</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,720</u>	<u>30,011</u>	<u>43,731</u>
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Transfers-Out	(6,000)		(6,000)
Loan Proceeds	5,161		5,161
	<u>(839)</u>		<u>(839)</u>
Total Other Financing Receipts (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	12,881	30,011	42,892
Cash Fund Balances, January 1	<u>59,307</u>	<u>165,618</u>	<u>224,925</u>
CASH FUND BALANCES, DECEMBER 31	<u><u>\$72,188</u></u>	<u><u>\$195,629</u></u>	<u><u>\$267,817</u></u>
Reserves for Encumbrances	<u><u>\$552</u></u>	<u><u>\$8,084</u></u>	<u><u>\$8,636</u></u>

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

VILLAGE OF CORNING
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	<u>\$222,616</u>		<u>\$222,616</u>
Total Operating Cash Receipts	<u>222,616</u>		<u>222,616</u>
OPERATING CASH DISBURSEMENTS::			
Personal Services	34,748		34,748
Employee Fringe Benefits	5,653		5,653
Contractual Services	258,787		258,787
Supplies and Materials	<u>8,438</u>		<u>8,438</u>
Total Operating Cash Disbursements	<u>307,626</u>		<u>307,626</u>
Operating Income/(Loss)	<u>(85,010)</u>		<u>(85,010)</u>
NON-OPERATING CASH RECEIPTS			
Earnings on Investments	1,784		1,784
Miscellaneous Receipts	632		632
Other Financing Sources	<u>120,559</u>		<u>120,559</u>
Total Non-Operating Cash Receipts	<u>122,975</u>		<u>122,975</u>
NON-OPERATING CASH DISBURSEMENTS			
Debt Service			
Redemption of Principal	22,566		22,566
Interest and Other Fiscal Charges	<u>570</u>		<u>570</u>
Total Non-Operating Cash Disbursements	<u>23,136</u>		<u>23,136</u>
Excess Receipts Over/(Under) Disbursements Before Interfund Transfers	14,829		14,829
Transfers-in	<u>6,000</u>		<u>6,000</u>
Net Receipts Over/(Under) Disbursements	20,829		20,829
Fund Cash Balances, January 1	<u>141,831</u>	<u>\$68</u>	<u>141,899</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$162,660</u></u>	<u><u>\$68</u></u>	<u><u>\$162,728</u></u>
Reserves for Encumbrances	<u><u>\$1,618</u></u>		<u><u>\$1,618</u></u>

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

VILLAGE OF CORNING
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Property Tax and Other Local Taxes	\$37,658	\$61,948	\$99,606
Intergovernmental Receipts	29,549	31,996	61,545
Special Assessments	500		500
Charges for Services	290	35,608	35,898
Fines, Licenses, and Permits	3,835		3,835
Earnings on Investments	2,218	391	2,609
Miscellaneous	488	61	549
	<u>74,538</u>	<u>130,004</u>	<u>204,542</u>
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	23,593	70,560	94,153
Public Health Services		4,319	4,319
Leisure Time Activities	1,716		1,716
Transportation		16,082	16,082
General Government	43,645		43,645
Debt Service			
Redemption of Principal	2,506	24,174	26,680
Interest	332	9,712	10,044
	<u>71,792</u>	<u>124,847</u>	<u>196,639</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,746</u>	<u>5,157</u>	<u>7,903</u>
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Transfers-Out	(2,000)		(2,000)
Other Financing Sources	81		81
Loan Proceeds		40,250	40,250
	<u>(1,919)</u>	<u>40,250</u>	<u>38,331</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	827	45,407	46,234
Cash Fund Balances, January 1	<u>58,480</u>	<u>120,211</u>	<u>178,691</u>
CASH FUND BALANCES, DECEMBER 31	<u><u>\$59,307</u></u>	<u><u>\$165,618</u></u>	<u><u>\$224,925</u></u>

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

VILLAGE OF CORNING
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	<u>\$222,952</u>		<u>\$222,952</u>
Total Operating Cash Receipts	<u>222,952</u>		<u>222,952</u>
OPERATING CASH DISBURSEMENTS::			
Personal Services	33,609		33,609
Employee Fringe Benefits	5,550		5,550
Contractual Services	125,457		125,457
Supplies and Materials	<u>7,620</u>		<u>7,620</u>
Total Operating Cash Disbursements	<u>172,236</u>		<u>172,236</u>
Operating Income/(Loss)	<u>50,716</u>		<u>50,716</u>
NON-OPERATING CASH RECEIPTS			
Special Assessments	22,950		22,950
Earnings on Investments	989		989
Miscellaneous Receipts	<u>40</u>		<u>40</u>
Total Non-Operating Cash Receipts	<u>23,979</u>		<u>23,979</u>
NON-OPERATING CASH DISBURSEMENTS			
Debt Service			
Redemption of Principal	24,635		24,635
Interest and Other Fiscal Charges	1,235		1,235
Other Financing Uses		<u>\$4,506</u>	<u>4,506</u>
Total Non-Operating Cash Disbursements	<u>25,870</u>	<u>4,506</u>	<u>30,376</u>
Excess Receipts Over/(Under) Disbursements Before Interfund Transfers	48,825	(4,506)	44,319
Transfers-in	<u>2,000</u>		<u>2,000</u>
Net Receipts Over/(Under) Disbursements	50,825	(4,506)	46,319
Fund Cash Balances, January 1	<u>91,006</u>	<u>4,574</u>	<u>95,580</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$141,831</u>	<u>\$68</u>	<u>\$141,899</u>
Reserves for Encumbrances	<u>\$520</u>		<u>\$520</u>

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 YEARS ENDED DECEMBER 31, 2007 and 2006

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 YEARS ENDED DECEMBER 31, 2007 and 2006

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 YEARS ENDED DECEMBER 31, 2007 and 2006

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 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 2007 and 2006 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>2007</u>	<u>2006</u>
Demand deposits	<u>\$430,545</u>	<u>\$366,824</u>

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

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006, follows:

<u>Fund Type</u>	<u>2007 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$79,200	\$126,713	\$47,513
Special Revenue	118,990	130,237	11,247
Enterprise	246,395	351,590	105,195
Total	<u>\$444,585</u>	<u>\$608,540</u>	<u>\$163,955</u>

<u>Fund Type</u>	<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$135,941	\$114,384	\$21,557
Special Revenue	128,367	108,309	20,058
Enterprise	347,845	332,380	15,465
Total	<u>\$612,153</u>	<u>\$555,073</u>	<u>\$57,080</u>

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$103,443	\$74,619	(\$28,824)
Special Revenue	124,750	170,254	45,504
Enterprise	173,873	248,931	75,058
Total	<u>\$402,066</u>	<u>\$493,804</u>	<u>\$91,738</u>

<u>Fund Type</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$89,894	\$73,857	\$16,037
Special Revenue	182,412	127,508	54,904
Enterprise	211,866	198,626	13,240
Agency	4,574	4,506	68
Total	<u>\$488,746</u>	<u>\$404,497</u>	<u>\$84,249</u>

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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.

5. **DEBT**

Debt outstanding at December 31, 2007 was as follows:

General Obligation Notes		Interest Rate
Loan No. 17881	\$2,787	5.25%
Loan No. 38811	15,921	5.25%
Loan No. 90861	23,503	5.25%
Loan No. 127036	118,769	5.25%
Ohio Public Works Commission		
Loan No. OPWC CR 451	38,418	
Loan No. OPWC CR 618	21,131	
Loan No .OPWC CT 869	12,944	
Loan No. OPWC CT 78C	114,345	
Ohio Water Development Authority		
Loan No. OWDA 3759	<u>473,873</u>	5.34%
	<u>\$821,691</u>	

Loan Number 17881 is for an Impala cruiser for the police department.

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).

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

5. **DEBT** (continued)

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

Loan Number OWDA 3759 is for planning and design of a wastewater system.

The following are schedules of principal and interest maturities:

Year Ending	Loan No. 17881		
December 31	Payment	Principal	Interest
2008	<u>\$2,868</u>	<u>\$2,787</u>	<u>\$81</u>

Year Ending	Loan No. 38811		
December 31	Payment	Principal	Interest
2008	\$6,844	\$6,116	\$728
2009	6,844	6,450	394
2010	<u>3,422</u>	<u>3,355</u>	<u>67</u>
	<u>\$17,110</u>	<u>\$15,921</u>	<u>\$1,189</u>

Year Ending	Loan No. 90861		
December 31	Payment	Principal	Interest
2008	\$14,096	\$13,161	\$935
2009	<u>10,572</u>	<u>10,342</u>	<u>230</u>
	<u>\$24,668</u>	<u>\$23,503</u>	<u>\$1,165</u>

Year Ending	Loan No. 127036		
December 31	Payment	Principal	Interest
2008	\$12,140	\$5,273	\$6,867
2009	12,140	5,604	6,536
2010	12,140	5,936	6,204
2011	12,140	6,287	5,853
2012	<u>98,465</u>	<u>95,669</u>	<u>2,796</u>
	<u>\$147,025</u>	<u>\$118,769</u>	<u>\$28,256</u>

Year Ending	Loan No. OPWC CR 451		
December 31	Payment	Principal	Interest
2008	\$6,403	\$6,403	
2009	6,403	6,403	
2010	6,403	6,403	
2011	6,403	6,403	
2012	6,403	6,403	
2013	<u>6,403</u>	<u>6,403</u>	
	<u>\$38,418</u>	<u>\$38,418</u>	

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

5. **DEBT** (continued)

Year Ending December 31	Loan No. OPWC CR 618		
	Payment	Principal	Interest
2008	\$3,251	\$3,251	
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>\$21,131</u>	<u>\$21,131</u>	

Year Ending December 31	Loan No. OPWC CR 869		
	Payment	Principal	Interest
2008	\$1,618	\$1,618	
2009	1,618	1,618	
2010	1,618	1,618	
2011	1,618	1,618	
2012	1,618	1,618	
2013-2016	4,854	4,854	
	<u>\$12,944</u>	<u>\$12,944</u>	

Year Ending December 31	Loan No. OPWC CT 78C		
	Payment	Principal	Interest
2008	\$7,623	\$7,623	
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	38,115	38,115	
	<u>\$114,345</u>	<u>\$114,345</u>	

Year Ending December 31	Loan No. OWDA 3759		
	Payment	Principal	Interest
2008	<u>\$563,195</u>	<u>\$473,873</u>	<u>\$89,322</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 2007 and 2006, 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 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

VILLAGE OF CORNING
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the Pool), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides property and casualty insurance for its members.. The Pool pays judgments, settlements and other expenses resulting from covered plan claims that exceed the members' deductibles.

The Pool cedes reinsurances or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained (deficit) earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$2,331,284	\$2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Retained (deficit) earnings	<u>(\$799,191)</u>	<u>(\$1,216,059)</u>

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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KNOX & KNOX

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, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 29, 2008, 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 April 29, 2008.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
April 29, 2008

VILLAGE OF CORNING
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Full Corrected?	Not Corrected, partially corrected, significantly different corrective action taken; or finding no longer valid; Explain:
2005-01	ORC 5705.39 - Appropriations greater than estimated resources	Yes	Finding no longer valid



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
JULY 15, 2008**