

VILLAGE OF NELLIE
COSHOCTON COUNTY
REGULAR AUDIT
JANUARY 1, 2008 – DECEMBER 31, 2009



Mary Taylor, CPA

Auditor of State

Village Council
Village of Nellie
117 Main Street
Warsaw, Ohio 43844

We have reviewed the *Independent Auditor's Report* of the Village of Nellie, Coshocton County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Auditor's 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 Auditor's 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 Nellie 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

May 12, 2010

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**VILLAGE OF NELLIE
COSHOCOTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Nellie
Coshocton County
117 Main Street
Warsaw, Ohio 43844

To the Village Council:

We have audited the accompanying financial statements of the Village of Nellie, Coshocton County, (the Village) as of and for the years ended December 31, 2009 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these 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 GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
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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, 2009 and 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, 2009 and 2008 or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Nellie, Coshocton County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 26, 2010 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shuman & Snow, Inc.

April 26, 2010

**VILLAGE OF NELLIE
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$6,035	\$0	\$6,035
Intergovernmental Receipts	8,621	7,127	15,748
Earnings on Investments	1	2	3
	<u>14,657</u>	<u>7,129</u>	<u>21,786</u>
Cash Disbursements:			
Current:			
Public Health Services	290	0	290
Basic Utility Services	585	1,015	1,600
General Government	12,318	2,874	15,192
	<u>13,193</u>	<u>3,889</u>	<u>17,082</u>
Total Cash Disbursements	<u>13,193</u>	<u>3,889</u>	<u>17,082</u>
Total Cash Receipts Over/(Under) Cash Disbursements	1,464	3,240	4,704
Fund Cash Balances, January 1	<u>1,389</u>	<u>22,803</u>	<u>24,192</u>
Fund Cash Balances, December 31	<u>2,853</u>	<u>26,043</u>	<u>28,896</u>

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

**VILLAGE OF NELLIE
COSHOCOTON 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$5,439	\$0	\$5,439
Intergovernmental Receipts	9,443	7,503	16,946
Earnings on Investments	3	22	25
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	14,885	7,525	22,410
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	550	0	550
Public Health Services	272	0	272
Basic Utility Services	6,918	939	7,857
General Government	9,577	4,853	14,430
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	17,317	5,792	23,109
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,432)	1,733	(699)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	3,821	21,070	24,891
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$1,389	\$22,803	\$24,192
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NELLIE
COSHOCTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Proprietary Fund Type	
	2009 Enterprise	2008 Enterprise
Operating Cash Receipts:		
Charges for Services	\$1,650	\$3,070
Operating Cash Disbursements:		
Contractual Services	683	800
Supplies and Materials	1,318	224
Total Operating Cash Disbursements	2,001	1,024
Net Cash Receipts Over/(Under) Cash Disbursements	(351)	2,046
Fund Cash Balances, January 1	2,472	426
Fund Cash Balances, December 31	\$2,121	\$2,472

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

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**VILLAGE OF NELLIE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Nellie, Coshocoton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services and street maintenance and repair. The Village appoints a representative to the Walhounding Valley Fire District which provides fire protection to the Village as well as other participating members. Security of persons and property is provided by the Coshocoton County Sheriff's Office.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Cash

The Village maintains all cash in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF NELLIE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 Fund:

Community Center Fund - This fund receives charges for services for the rental of the Village's Community Building.

E. Budgetary Process

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

1. Appropriations

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

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 canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF NELLIE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Transactions.

During the course of normal operations, the Village will have transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which are ultimately going to be repaid. The Village did not have any transfers or advances during 2009 and 2008.

H. Intergovernmental Revenues

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

I. Total Columns on the Financial Statements

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH

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

	2009	2008
Total Demand Deposits	\$31,017	\$26,664

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,699	\$14,657	(\$42)
Special Revenue	6,818	7,129	311
Enterprise	1,200	1,650	450
Total	\$22,717	\$23,436	\$719

**VILLAGE OF NELLIE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,088	\$13,193	\$2,895
Special Revenue	29,621	3,889	25,732
Enterprise	3,672	2,001	1,671
Total	<u>\$49,381</u>	<u>\$19,083</u>	<u>\$30,298</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,094	\$14,885	(\$209)
Special Revenue	6,818	7,525	707
Enterprise	1,400	3,070	1,670
Total	<u>\$23,312</u>	<u>\$25,480</u>	<u>\$2,168</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,914	\$17,317	\$1,597
Special Revenue	27,868	5,792	22,076
Enterprise	1,906	1,024	882
Total	<u>\$48,688</u>	<u>\$24,133</u>	<u>\$24,555</u>

The Village had appropriations exceeding estimated resources by \$80 within the Enterprise Fund contrary to Ohio Revised Code Section 5705.39 at December 31, 2008.

4. PROPERTY TAX

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 deductions. The financial statements include 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.

**VILLAGE OF NELLIE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

5. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine; and
- Errors and omissions.

6. CONTINGENT LIABILITIES

The Village is not currently involved in litigation.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Nellie
Coshocton County
117 Main Street
Warsaw, Ohio 43844

To the Village Council:

We have audited the financial statements of the Village of Nellie, Coshocton County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 26, 2010, wherein we noted the Village prepared its financial statements using 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and other deficiencies we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-006 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-001 through 2009-005 described in the accompanying schedule of findings to be significant deficiencies.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 26, 2010.

Wilson, Shannon & Snow, Inc.

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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 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 26, 2010.

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

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

Wilson, Shuman & Snow, Inc.

April 26, 2010

VILLAGE OF NELLIE
COSHOCOTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources. The following funds had appropriations exceeding estimated resources at December 31, 2008:

	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Noncompliance</u>
Enterprise Fund	\$1,906	\$1,826	\$80

With appropriations exceeding estimated resources the Village may spend more funds than in the Treasury or process of collection and cause fund deficits. We recommend that the Village monitor the original budget to determine compliance with the Ohio Revised Code when the original budget is adopted.

Officials Response: The Village will monitor appropriations and estimated resources throughout the year to determine the Village is compliant.

FINDING NUMBER 2009-002

26 U.S.C. Section 3402 and Ohio Revised Code Section 5747.06 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

State and federal income tax were not withheld from the compensation of elected officials of the Village. The Fiscal Officer should withhold state and federal taxes from all officials and should remit the state and federal taxes to the respective agency.

Officials Response: The Village will determine the necessary steps needed to withhold and remit state and federal income taxes from its elected officials.

FINDING NUMBER 2009-003

26 U.S.C. Section 3102(a) requires employers to withhold social security Medicare tax from an employee's wages if the employee was hired after April 1, 1986.

The Village did not withhold social security Medicare tax from the new officials elected or appointed after April 1, 1986. The Fiscal Officer should deduct Medicare for all officials elected after April 1, 1986 to comply with requirements.

Officials Response: The Village will determine the necessary steps needed to withhold and remit Medicare taxes from its elected officials.

**VILLAGE OF NELLIE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-004

Ohio Revised Code Section 145.03 states that employees eligible for exemption from the Ohio Public Employees Retirement System (OPERS) may choose to be exempt from compulsory membership by signing a written application for exemption within the first month after being employed.

The Village did not withhold OPERS retirement from officials' wages and no evidence was presented to indicate that an exemption application had been approved by the OPERS board. The Village also did not deduct Social Security in place of the OPERS in 2009 and 2008. The Village Council should select a retirement system and ensure deductions are remitted by the Fiscal Officer.

Officials Response: The Village will determine the necessary steps needed to withhold and remit retirement contributions for its elected officials.

FINDING NUMBER 2009-005

Ohio Revised Code Section 9.38 states that monies should be deposited with the Village Fiscal Officer or designated depository within 24 hours of collection.

Certain Community Building rental receipts and monies received from the County Auditor were deposited with the Village Fiscal Officer or designated depository in an untimely manner. Delays of this nature could cause Village daily receipts to be lost or misplaced without being detected in a timely manner. The Village should properly safeguard receipts and implement House Bill 220 (Auditor of State Bulletin 99-020) relative to depositing requirements and procedures. This House Bill requires that monies be deposited on the next business day if the amount of daily receipts exceeds \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

Officials Response: The Village will attempt to deposit monies in a timelier manner.

VILLAGE OF NELLIE
COSHOCOTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-006

Financial Reporting – Material Weakness

We noted the following deficiencies regarding the Village’s financial reporting process:

- The Fiscal Officer did not always post receipts and disbursements recorded within the manual cash journal to the manual appropriation or receipt journals. By not properly posting amounts between manual journals, this increases the risk that the underlying financial statements will be incomplete or that amounts are incorrectly posted to the intended fund;
- The Village’s unaudited financial report submitted to the Auditor of State Local Government Services Division was incomplete and contained several errors and omissions; including: 1) The report were void of specific pages, such as beginning and ending fund balances for all funds; 2) Receipts and expenditures were not properly classified or agreed to the manual appropriation or receipt journals; and 3) Amounts recorded in the unaudited financial report did not foot or cross-foot.
- Audit adjustments agreed to by the client were necessary to properly present the financial statements at December 31, 2009 and 2008, specifically audit adjustments to record differences associated with the annual financial report submitted for audit and the amounts recorded by the Village within the manual appropriation and receipt journals.

We recommend the Village develop procedures to properly account for and record transactions to ensure the completeness and accuracy of the financial statements at year end.

Officials Response: The Village will review its current procedures over financial reporting and review the annual report prior to submission to the Auditor of State Local Government Services Division.

**VILLAGE OF NELLIE
COSHOCOTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	The Village did not properly record or budget for \$27,300 in Community Development Block Grant money paid on-behalf of the Village by the County.	Yes	N/A.
2007-002	Ohio Revised Code Section 5705.41(B) requires expenditures may not exceed appropriations.	Yes	N/A.
2007-003	26 U.S.C. Section 3402 and Ohio Revised Code Section 5747.06 requires federal and state income tax is withheld for compensation of employees or elected officials.	No	Re-issued as Finding Number 2009-002.
2007-004	26 U.S.C. Section 3102(a) requires employers to withhold social security Medicare tax from employee's wages hired after April 1, 1986.	No	Re-issued as Finding Number 2009-003.
2007-005	Ohio Revised Code Section 145.03 requires retirement contributions paid to the Ohio Public Employees Retirement System.	No	Re-issued as Finding Number 2009-004.
2007-006	Ohio Revised Code Section 9.38 requires timely deposit of public funds.	No	Re-issued as Finding Number 2009-005.
2007-007	Financial Reporting	No	Re-issued as Finding Number 2009-006.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NELLIE

COSHOCTON 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
MAY 25, 2010**