



**Auditor of State  
Betty Montgomery**



VILLAGE OF SOUTH SOLON  
MADISON COUNTY

TABLE OF CONTENTS

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Accountants' Report.....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2003..... | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - Proprietary Fund Type -<br>For the Year Ended December 31, 2003.....       | 4           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2002..... | 5           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - Proprietary Fund Type -<br>For the Year Ended December 31, 2002.....       | 6           |
| Notes to the Financial Statements .....  | 7           |
| Independent Accountants' Report on Compliance and on Internal Control<br>Required by <i>Government Auditing Standards</i> .....  | 13          |

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of South Solon  
Madison County  
7120 North Street  
P.O. Box 360  
South Solon, Ohio 43153

To the Village Council:

We have audited the accompanying financial statements of the Village of South Solon, Madison County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Governmental Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of South Solon, Madison County, Ohio as of December 31, 2003, and December 31, 2002 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
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This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 15, 2004

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|   | <u>Governmental Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Property Tax and Other Local Taxes        | \$9,571                        | \$5,777                    | \$15,348                                |
| Municipal Income Tax                      | 21,778                         | 0                          | 21,778                                  |
| Intergovernmental Receipts                | 45,131                         | 23,849                     | 68,980                                  |
| Fines, Licenses, and Permits              | 477                            | 0                          | 477                                     |
| Earnings on Investments                   | 157                            | 0                          | 157                                     |
| Miscellaneous                             | 1,098                          | 0                          | 1,098                                   |
|   | <u>78,212</u>                  | <u>29,626</u>              | <u>107,838</u>                          |
| <b>Total Cash Receipts</b>                |                                |                            |   |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| Security of Persons and Property          | 31,628                         | 4,702                      | 36,330                                  |
| Leisure Time Activities                   | 4,292                          | 0                          | 4,292                                   |
| Basic Utility Services                    | 1,500                          | 0                          | 1,500                                   |
| Transportation                            | 2,864                          | 23,216                     | 26,080                                  |
| General Government                        | 39,591                         | 0                          | 39,591                                  |
| Debt Service:                             |                                |                            |   |
| Principal Payments                        | 3,426                          | 0                          | 3,426                                   |
| Interest Payments                         | 565                            | 0                          | 565                                     |
|   | <u>83,866</u>                  | <u>27,918</u>              | <u>111,784</u>                          |
| <b>Total Cash Disbursements</b>           |                                |                            |   |
| Total Receipts Over/(Under) Disbursements | (5,654)                        | 1,708                      | (3,946)                                 |
| Fund Cash Balances, January 1             | <u>14,643</u>                  | <u>9,513</u>               | <u>24,156</u>                           |
| <b>Fund Cash Balances, December 31</b>    | <b><u>\$8,989</u></b>          | <b><u>\$11,221</u></b>     | <b><u>\$20,210</u></b>                  |

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

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <b>Proprietary<br/>Fund Type</b> |
|--|----------------------------------|
|  | <b>Enterprise</b>                |
| <b>Operating Cash Receipts:</b>        |                                  |
| Charges for Services                   | \$35,026                         |
| Total Operating Cash Receipts          | 35,026                           |
| <b>Operating Cash Disbursements:</b>   |                                  |
| Personal Services                      | 13,000                           |
| Fringe Benefits                        | 574                              |
| Contractual Services                   | 15,359                           |
| Supplies and Materials                 | 2,817                            |
| Other                                  | 3,848                            |
| Capital Outlay                         | 10,065                           |
| Total Operating Cash Disbursements     | 45,663                           |
| Operating (Loss)                       | (10,637)                         |
| <b>Non-Operating Cash Receipts:</b>    |                                  |
| Intergovernmental Receipts             | 10,065                           |
| Total Non-Operating Cash Receipts      | 10,065                           |
| Net Receipts (Under) Disbursements     | (572)                            |
| Fund Cash Balances, January 1          | 14,321                           |
| <b>Fund Cash Balances, December 31</b> | <b>\$13,749</b>                  |

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



**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

|   | <u>Governmental Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Property Tax and Other Local Taxes        | \$8,571                        | \$4,448                    | \$13,019                                |
| Municipal Income Tax                      | 16,582                         | 0                          | 16,582                                  |
| Intergovernmental Receipts                | 38,489                         | 20,788                     | 59,277                                  |
| Fines, Licenses, and Permits              | 1,420                          | 0                          | 1,420                                   |
| Earnings on Investments                   | 357                            | 70                         | 427                                     |
| Miscellaneous                             | 2,217                          | 168                        | 2,385                                   |
|   | <u>67,636</u>                  | <u>25,474</u>              | <u>93,110</u>                           |
| <b>Total Cash Receipts</b>                |                                |                            |   |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| Security of Persons and Property          | 32,549                         | 4,647                      | 37,196                                  |
| Leisure Time Activities                   | 4,189                          | 0                          | 4,189                                   |
| Transportation                            | 6,877                          | 14,075                     | 20,952                                  |
| General Government                        | 41,027                         | 0                          | 41,027                                  |
| Debt Service:                             |                                |                            |   |
| Principal Payments                        | 4,448                          | 0                          | 4,448                                   |
| Interest Payments                         | 710                            | 0                          | 710                                     |
|   | <u>89,800</u>                  | <u>18,722</u>              | <u>108,522</u>                          |
| <b>Total Cash Disbursements</b>           |                                |                            |   |
| Total Receipts Over/(Under) Disbursements | (22,164)                       | 6,752                      | (15,412)                                |
| Fund Cash Balances, January 1             | <u>36,807</u>                  | <u>2,761</u>               | <u>39,568</u>                           |
| <b>Fund Cash Balances, December 31</b>    | <b><u>\$14,643</u></b>         | <b><u>\$9,513</u></b>      | <b><u>\$24,156</u></b>                  |

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

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

|  | <b>Proprietary<br/>Fund Type</b> |
|--|----------------------------------|
|  | <b>Enterprise</b>                |
| <b>Operating Cash Receipts:</b>        |                                  |
| Charges for Services                   | \$34,122                         |
| Total Operating Cash Receipts          | 34,122                           |
| <b>Operating Cash Disbursements:</b>   |                                  |
| Personal Services                      | 12,970                           |
| Fringe Benefits                        | 457                              |
| Contractual Services                   | 11,079                           |
| Supplies and Materials                 | 1,132                            |
| Other                                  | 3,315                            |
| Total Operating Cash Disbursements     | 28,953                           |
| Operating Income                       | 5,169                            |
| Fund Cash Balances, January 1          | 9,152                            |
| <b>Fund Cash Balances, December 31</b> | <b>\$14,321</b>                  |

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

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of South Solon, Madison County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services. Stokes Township Volunteer Fire Department provides fire protection services. Sterling Joint Ambulance District provides 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 and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificate of deposits are valued at cost.

**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 had the following significant Special Revenue Funds:

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

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**D. Fund Accounting (continued)**

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

**Police Levy Fund** -This fund receives property taxes to maintain police protection in the Village.

**3. Enterprise Funds**

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

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

**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 fund level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                         | 2003     | 2002     |
|-------------------------|----------|----------|
| Demand deposits         | \$33,959 | \$32,687 |
| Certificates of deposit | 0        | 5,790    |
| Total deposits          | \$33,959 | \$38,477 |

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|-----------------|----------------------|--------------------|-----------|
| General         | \$79,872             | \$78,212           | \$(1,660) |
| Special Revenue | 30,259               | 29,626             | (633)     |
| Enterprise      | 43,245               | 45,091             | 1,846     |
| Total           | \$153,376            | \$152,929          | \$447     |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
|-----------------|----------------------------|---------------------------|----------|
| General         | \$94,590                   | \$83,866                  | \$10,724 |
| Special Revenue | 26,455                     | 27,918                    | (1,463)  |
| Enterprise      | 42,750                     | 45,663                    | (2,913)  |
| Total           | \$163,795                  | \$157,447                 | \$6,348  |

2002 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$67,231             | \$67,636           | \$405    |
| Special Revenue | 25,665               | 25,474             | (191)    |
| Enterprise      | 33,850               | 34,122             | 272      |
| Total           | \$126,746            | \$127,232          | \$486    |

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$103,790                  | \$89,800                  | \$13,990 |
| Special Revenue                                       | 24,055                     | 18,722                    | 5,333    |
| Enterprise  | 42,750                     | 28,953                    | 13,797   |
| Total   | \$170,595                  | \$137,475                 | \$33,120 |

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceeding the October 1 date for which rates are adopted by the 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, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

The income tax collection process is administered by the Regional Income Tax Authority.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

|                                  | Principal | Interest Rate |
|----------------------------------|-----------|---------------|
| Village Capital Improvement Loan | \$10,500  | 0%            |
| Backhoe                          | 5,771     | 6.17%         |
| Land Purchase                    | 18,000    | 4.25%         |
| Total                            | \$34,271  |               |

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

The Village Capital Improvement Fund (VCIF) loan was used to pay for costs associated with application fees for permanent construction financing of a new wastewater treatment system. The maximum request for this loan was \$15,000.

The Ohio Environmental Protection Agency has mandated a wastewater sewer system installation in the Village. Ohio Water Development Authority (OWDA), USDA Rural Development and Ohio Public Works Commission will be the loan sources for this estimated \$3.1million project. The OWDA has approved up to \$219,552 in loans to the Village for this project. Ohio Public Works Commission (OPWC) has approved a \$500,000 loan and a Credit Loan Enhancement grant of \$80,000. The USDA Rural Development has approved an \$876,000 RD loan for 40 years at 4.5%, a \$585,000 RD grant and a \$100,000 Connection Assistance grant. Amortization schedules will not be finalized until the completion of the wastewater sewer system. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover these debt service requirements.

The Village purchased 4 acres of land for the location of the wastewater plant. This purchase was financed by Merchants National Bank in the amount of \$18,000.

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

|                          | VCIF     | Backhoe | Land     |
|--------------------------|----------|---------|----------|
| Year ending December 31: |          |         |          |
| 2004                     | \$1,500  | \$3,991 | \$18,765 |
| 2005                     | 1,500    | 2,405   | 0        |
| 2006                     | 1,500    | 0       | 0        |
| 2007                     | 1,500    | 0       | 0        |
| 2008                     | 1,500    | 0       | 0        |
| 2009-2010                | 3,000    | 0       | 0        |
| Total                    | \$10,500 | \$6,396 | \$18,765 |

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

Those employees not participating in PERS contributed 6.2% of their gross salaries to Social Security. The Village contributed an amount equal to 6.2% of employees' gross salaries through December 31, 2003.

**VILLAGE OF SOUTH SOLON  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Village has entered into contracts with the Ohio Municipal League Joint Self-Insurance Pool for insurance with the following amounts of coverage and deductibles:

| <u>Type of Coverage</u>                   | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| Property (Building and Contents)          | \$ 553,514      | \$1,000           |
| Electronic Data and Equipment             | 12,555          | 250               |
| Valuable Papers and Records               | 100,000         | 1,000             |
| Employee Benefits Liability (aggregate)   | 1,000,000       | 1,000             |
| Public Official Liability                 | 1,000,000       | 1,000             |
| General Liability (aggregate)             | 1,000,000       | 5,000             |
| Contractors Equipment                     | 47,796          | 250               |
| Accounts Receivable                       | 250,000         | 1,000             |
| Demolition/Increased Cost of Construction | 500,000         | 1,000             |
| Auto Fleet liability/Physical Damage      | 1,000,000       | 0                 |
| Miscellaneous Tools                       | 5,000           | 250               |
| Uninsured Motorists                       | 25,000          | 0                 |
| Stop Gap                                  | 100,000         | 5,000             |

Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in coverage from last year.

The Ohio Municipal League Joint Self-Insurance Pool (OML) is a public entity shared risk pool. OML was formed as an unincorporated not-for-profit association and operates various insurance programs. Each member participates in the election of the Board of Trustees by mail ballot.

Participation in OML is by written application subject to the approval of the Board of Trustees and the payment of premiums. A member may withdraw from a program by giving a notice of sixty days. Financial information may be obtained from JWF Specialty Co., Inc., P.O. Box 1684, Indianapolis, IN 46206.





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of South Solon  
Madison County  
7120 North Street  
P. O. Box 360  
South Solon, Ohio 43153

To the Village Council:

We have audited the accompanying financial statements of the Village of South Solon, Madison County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated April 15, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 15, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 15, 2004.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 15, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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**VILLAGE OF SOUTH SOLON**

**MADISON 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  
JUNE 3, 2004**