



**VILLAGE OF SOUTH SOLON
FINANCIAL STATEMENTS
Year Ended December 31, 1999**

VILLAGE OF SOUTH SOLON
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VILLAGE OF SOUTH SOLON

APPOINTED OFFICIALS
AS OF DECEMBER 31, 1999

<u>COUNCIL</u>	<u>TITLE</u>	<u>YEAR TERM EXPIRES</u>
Teresa Shonkwiler	President	2001
Phil Keen	Member	1999
Vince Benedetti	Member	2001
Betty Eileen Coil	Member	2001
Ralph Pyles	Member	2001
Harold Hisey	Member	1999

Legal Council

Mr. James W. Rolfes, Jr.
17 South Main Street
P.O. Box 24
London, Ohio 43140

Entity Address

7120 North Street
P.O. Box 360
South Solon , OH 43153-0360

VILLAGE OF SOUTH SOLON
ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 1999

<u>TITLE</u>	<u>YEAR TERM EXPIRES</u>	<u>SURETY</u>	<u>AMOUNT</u>
<u>MAYOR</u>			
David Karkan	1999	-	-
<u>CLERK-TREASURER</u>			
Rosalyn Hisey	1999	(A)	\$ 10,000

(A) Hartford Insurance Company.

VILLAGE OF SOUTH SOLON

**INDEX OF FUNDS
AS OF DECEMBER 31, 1999**

GENERAL

SPECIAL REVENUE

Street Construction Maintenance and Repair
State Highway Improvement
Permissive
Drug Fine
Police Department

CAPITAL PROJECTS

Sewer Improvements

ENTERPRISE

Water



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

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To the Village Council
Village of South Solon
South Solon, Ohio

We have reviewed the Independent Auditor's Report of the Village of South Solon, Madison County, prepared by Jones, Cochenour & Co., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of South Solon is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

June 12, 2000



INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of South Solon
South Solon, Ohio

We have audited the accompanying financial statements of the Village of South Solon as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Village of South Solon's management. Our responsibility is to express an opinion on these financial statements based on our audit.

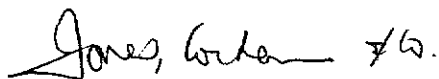
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village of South Solon 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 cash and cash fund balances of the Village of South Solon, as of December 31, 1999, and its cash receipts and disbursements and its budgeted and actual receipts and budgeted and actual disbursements for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2000 on our consideration of the Village of South Solon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the Village Council, management, Auditor of State and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.


Jones, Cochenour & Co.
May 17, 2000

VILLAGE OF SOUTH SOLON
STATEMENT OF ASSETS AND FUND BALANCES -
CASH BASIS
December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
ASSETS					
Cash and cash equivalents	\$ <u>47,189</u>	\$ <u>5,869</u>	\$ <u>14,635</u>	\$ <u>2,910</u>	\$ <u>70,603</u>
FUND BALANCES	\$ <u>47,189</u>	\$ <u>5,869</u>	\$ <u>14,635</u>	\$ <u>2,910</u>	\$ <u>70,603</u>

See notes to financial statements

VILLAGE OF SOUTH SOLON
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
OPERATING RECEIPTS				
Local taxes	\$ 35,304	\$ 11,453	\$ -	\$ 46,757
Intergovernmental	40,518	9,537	84,042	134,097
Interest	861	267	-	1,128
Miscellaneous	1,532	-	-	1,532
Fines, licenses and permits	<u>6,460</u>	<u>-</u>	<u>-</u>	<u>6,460</u>
	84,675	21,257	84,042	189,974
OPERATING DISBURSEMENTS				
Security of persons and property	17,590	3,870	-	21,460
Leisure time activities	2,999	-	-	2,999
Public health services	719	-	-	719
Transportation	9,189	19,113	-	28,302
General government	31,568	-	-	31,568
Capital outlay	-	-	160,837	160,837
Debt service:				
Principal retirement	10,464	4,388	-	14,852
Interest and fiscal charges	<u>440</u>	<u>174</u>	<u>-</u>	<u>614</u>
	<u>72,962</u>	<u>27,545</u>	<u>160,837</u>	<u>261,351</u>
EXCESS OF OPERATING RECEIPTS OVER/(UNDER) DISBURSEMENTS	11,706	(6,288)	(76,795)	(71,377)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	79,705	79,705
Transfers in	-	1,610	-	1,610
Transfers out	<u>(1,610)</u>	<u>-</u>	<u>-</u>	<u>(1,610)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(1,610)	1,610	79,705	79,705
FUND CASH BALANCES, JANUARY 1, 1999	<u>37,093</u>	<u>10,547</u>	<u>-</u>	<u>47,640</u>
FUND CASH BALANCES, DECEMBER 31, 1999	<u>\$ 47,189</u>	<u>\$ 5,869</u>	<u>\$ 2,910</u>	<u>\$ 55,968</u>

See notes to financial statements

VILLAGE OF SOUTH SOLON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE
Year Ended December 31, 1999

		<u>Proprietary Fund Type</u>
		<u>Enterprise</u>
OPERATING RECEIPTS		
Charges for services	\$	35,512
OPERATING DISBURSEMENTS		
Personal services		8,580
Contractual services		16,320
Supplies and materials		508
Capital outlay		500
Employee benefits		<u>396</u>
TOTAL OPERATING DISBURSEMENTS		<u>26,304</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS		9,208
NON-OPERATING RECEIPTS (DISBURSEMENTS)		
Principal retirement		(3,400)
Interest and fiscal charges		<u>(15)</u>
TOTAL NON-OPERATING RECEIPTS/(DISBURSEMENTS)		<u>(3,415)</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		5,793
FUND CASH BALANCES, JANUARY 1, 1999		<u>8,842</u>
FUND CASH BALANCES, DECEMBER 31, 1999	\$	<u>14,635</u>

See notes to financial statements

VILLAGE OF SOUTH SOLON
 COMBINED STATEMENT OF RECEIPTS -
 BUDGET AND ACTUAL
 Year Ended December 31, 1999

<u>Fund Type/Funds</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 76,057	\$ 84,675	\$ 8,618
Special revenue	20,450	22,867	2,417
Capital projects	125,000	163,747	38,747
Propriety			
Enterprise	<u>40,000</u>	<u>35,512</u>	<u>(4,488)</u>
TOTALS (MEMORANDUM ONLY)	<u>\$ 261,507</u>	<u>\$ 306,801</u>	<u>\$ (45,294)</u>

See notes to financial statements

VILLAGE OF SOUTH SOLON
 COMBINED STATEMENT OF DISBURSEMENTS -
 BUDGET AND ACTUAL
 Year Ended December 31, 1999

Fund Type	Prior Year		Total Appropriations	Actual Disbursements	Encumbrance at 12/31/99	Total Disbursements	Variable Favorable (Unfavorable)
	Carryover	Appropriations					
<u>Government</u>							
General	-	\$ 71,438	\$ 71,438	\$ 74,579	-	\$ 74,579	\$ (3,141)
Special revenue	-	23,967	23,967	27,545	-	27,545	(3,578)
Capital project	-	125,000	125,000	160,837	-	160,837	(35,837)
<u>Propriety</u>							
Enterprise	-	35,930	35,930	29,719	-	29,719	6,211
TOTALS (MEMORANDUM ONLY)	\$ -	\$ 256,335	\$ 256,335	\$ 292,680	\$ -	\$ 292,680	\$ (36,345)

See notes to financial statements

**VILLAGE OF SOUTH SOLON
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Village of South Solon (the "Village") prepares its financial statements on a 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 the obligation is incurred. The budgetary presentation report reflects budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Description of the Entity

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 general governmental services including water utilities, park operations (leisure activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Fund Types

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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.

Capital Project Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Propriety and Trust Funds).

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.

Income Taxes

The Village enacted a 1% income tax on gross wages earned by citizens of the Village that went into effect July 1, 1997. The income tax collection process is being administered by the Regional Income Tax Authority.

**VILLAGE OF SOUTH SOLON
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendments throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level (personal services and other expenditures) within each fund. Budgetary modifications may only be made by resolution of the Village Council. The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not have any encumbrances at December 31, 1999.

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.

Cash and Cash Equivalents

For purpose of the statement of assets and fund balances, cash and investments with original maturities of three months or less at the time they are purchased by the Village are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Village did not have any investments as of December 31, 1999.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

2. CASH AND INVESTMENTS

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 1999 was as follows:

Checking account	\$ 70,603
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Deposits

At December 31, 1999 the carrying amount of the Village's deposits was \$70,603 and the bank balances were \$70,962. Federal depository insurance covered \$70,962 of the bank balance. Collateral was held by the pledging financial institution's trust department or agent in the Village's name. The Village did not have any investments at December 31, 1999.

All state statutory requirements for the deposit of money had been followed.

**VILLAGE OF SOUTH SOLON
NOTES TO THE FINANCIAL STATEMENTS**

3. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
VCIF	\$ 12,000	0%
OWDA loan	67,705	Not determined
Finding for recovery	2,000	N/A
Tractor mower	<u>2,061</u>	10.5%
	<u>\$ 83,766</u>	

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

The OWDA loan represents a sewer improvements expansion project that was mandated by the Ohio Environmental Protection Agency. The above balance represents expenditures through December 31, 1999. The project is not complete and an amortization schedule will not be finalized until the project is complete.

The finding for recovery debt is payment from the Village to the State of Ohio for funds collected through court costs, by the prior clerk/treasurer, and not forwarded to the state as prescribed in the Ohio Revised Code during 1995 and 1996. During 1999 a total of \$2,000 had been paid to the State on this debt.

The tractor mower was purchased in April 1999 from borrowed funds through Case Credit. The loan agreement is a 36 month term of payments in the amount of \$138.66.

**VILLAGE OF SOUTH SOLON
NOTES TO THE FINANCIAL STATEMENTS**

4. DEBT - Continued

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

<u>Year Ending December 31</u>	<u>VCIF Loan</u>	<u>Funding for Recovery</u>	<u>Tractor Mower</u>	<u>Total</u>
2000	\$ -	\$ 2,000	\$ 1,664	\$ 3,664
2001	1,500	-	555	2,055
2002	1,500	-	-	1,500
2003	1,500	-	-	1,500
2004	1,500	-	-	1,500
Thereafter	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
	<u>\$ 12,000</u>	<u>\$ 2,000</u>	<u>\$ 2,219</u>	<u>\$ 16,219</u>

5. RETIREMENTS AND OTHER BENEFITS

All of the Village's employees participate in the Public Employees Retirement System of Ohio (the "PERS" of Ohio). The following information was provided by the PERS of Ohio to assist the Village in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employees."

Public Employees Retirement System (PERS)

All employees of the Village participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The employer contribution rate is 13.55% of covered payroll, 9.35% to fund the pension benefit obligation and 4.2% to fund healthcare. The contribution rates are determined actuarially. The Village failed to pay the required withholdings to PERS and began paying in 1998. At December 31, 1999 the total delinquency due PERS was paid. The employer's contribution paid during 1999 and 1998 was \$1,513 and \$1,581, respectively.

Other Postemployment Benefits

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Ohio Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

VILLAGE OF SOUTH SOLON
NOTES TO THE FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEN payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was \$118,062.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employe contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

6. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the "Pool"). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool assesses supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Errors and Omissions
- Police Professional
- Property and Inland Marine
- Vehicle

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council
Village of South Solon
South Solon, Ohio

We have audited the financial statements of the Village of South Solon, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

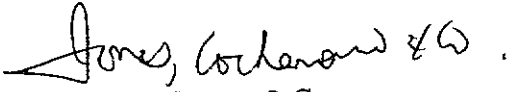
As part of obtaining reasonable assurance about whether the Village of South Solon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 1999-9100-001 through 1999-9100-004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of South Solon'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of South Solon's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1999-9100-005.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of South Solon in a separate letter dated May 17, 2000.

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



Jones, Cochenour & Co.
May 17, 2000

VILLAGE OF SOUTH SOLON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED ACCORDANCE WITH GAGAS
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FINDING NUMBER	1999-9100-001
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Ohio Revised Code Section 5705.36 allows subdivisions to request increased or decreased certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official final amended certificate of estimated resources. The Village had total appropriations, which exceeded the amount contained in the certificate of estimated resources. We recommend the Village monitor this activity in the future and obtain amended certificates of estimated resources as needed.

FINDING NUMBER	1999-9100-002
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Ohio Revised Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. Appropriations exceeded estimated revenue in the special revenue fund. We recommend that appropriations and estimated revenue be closely monitored in the future.

FINDING NUMBER	1999-9100-003
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Ohio Revised Code Section 5705.40 states that any measure may be amended or supplemented as long as the entity complies with the same provisions of the law as used in making the original appropriation. We noted that the Village's annual and amended appropriation, per council and county auditor approval, did not agree to the Village's budgetary statements. We recommend that changes to the budgetary statements be reconciled with the latest appropriations and any discrepancies between the two should be corrected accordingly.

FINDING NUMBER	1999-9100-004
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Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During our audit, we noted that expenditures exceeded appropriations in the general, special revenue and capital projects funds. We recommend that during the year the Village needs to closely monitor the appropriations and estimated revenue.

VILLAGE OF SOUTH SOLON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
December 31, 1999

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

FINDING NUMBER	1999-9100-005
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REPORTABLE CONDITION: SEGREGATION OF DUTIES

Due to the limited size of the business office a significant portion of the accounting duties are performed by the clerk/treasurer.

Under desirable internal controls, the origination and completion of single transactions are never under the control of the same individual. Each transaction passes through two or more individuals with the result that the work of one is under the constant review of the other. We recommend, at a minimum, bank reconciliation's be prepared by a responsible person who does not write and sign checks, and cash receipts forms be agreed to canceled bank deposit slips by someone who does not have custody of receipts.

VILLAGE OF SOUTH SOLON
STATUS OF PRIOR AUDIT FINDINGS, CITATIONS AND RECOMMENDATIONS
December 31, 1999

<u>Description</u>	<u>Status</u>	<u>Comments</u>
CITATIONS:		
1. ORC 5705.34 – Authorize necessary tax levies.	Not Corrected	Village will monitor more closely.
2. ORC 5705.41(B) - Expenditures exceeded appropriations.	Not Corrected	Village will monitor more closely.
3. ORC 5705.41(D) – Did not certify fund availability prior to obligation.	Corrected	N/A
REPORTABLE CONDITIONS:		
1. Segregation of Duties.	Not Corrected	Village is small; not financially feasible to hire others.
2. Year 2000.	Corrected	N/A
3. Audit Committee.	Corrected	N/A
4. Encumbrances.	Corrected	N/A

**VILLAGE OF SOUTH SOLON
CONCLUSION STATEMENTS**

A post-audit conference with the Village of South Solon officials was conducted on June 7, 2000 at which time they were notified they had five business days to respond to the preliminary report. All responses were reviewed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: JUNE 27, 2000