



Dave Yost • Auditor of State

VILLAGE OF SILVER LAKE
SUMMIT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2013	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2012	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Silver Lake
Summit County
2961 Kent Road
Silver Lake, Ohio 44224

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Silver Lake, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Silver Lake, Summit County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Emphasis of Matter

As discussed in Note 1B to the financial statements, for December 31, 2012, the Village has elected to change its financial presentation from an other comprehensive basis of accounting (OCBOA) to regulatory basis.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

Village of Silver Lake, Ohio

Summit County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2013

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$923,161	\$20,640	\$0	\$0	\$943,801
Municipal Income Tax	608,608	0	0	0	608,608
Intergovernmental	627,854	128,401	0	0	756,255
Special Assessments	93	0	9,952	841	10,886
Charges for Services	7,564	0	0	0	7,564
Fines, Licenses and Permits	86,627	730	0	0	87,357
Earnings on Investments	1,062	86	6	0	1,154
Miscellaneous	6,109	1,049	0	0	7,158
<i>Total Cash Receipts</i>	<u>2,261,078</u>	<u>150,906</u>	<u>9,958</u>	<u>841</u>	<u>2,422,783</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,023,550	23,377	0	0	1,046,927
Public Health Services	29,632	0	0	0	29,632
Leisure Time Activities	79,174	0	0	0	79,174
Community Environment	2,629	143	0	0	2,772
Transportation	328,933	85,388	0	0	414,321
General Government	363,994	0	410	3,074	367,478
Capital Outlay	0	0	0	25,993	25,993
Debt Service:					
Principal Retirement	0	0	10,000	0	10,000
Interest and Fiscal Charges	0	0	2,153	0	2,153
<i>Total Cash Disbursements</i>	<u>1,827,912</u>	<u>108,908</u>	<u>12,563</u>	<u>29,067</u>	<u>1,978,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>433,166</u>	<u>41,998</u>	<u>(2,605)</u>	<u>(28,226)</u>	<u>444,333</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	21,875	0	0	0	21,875
Transfers In	0	0	0	100,586	100,586
Transfers Out	(116,062)	0	0	0	(116,062)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(94,187)</u>	<u>0</u>	<u>0</u>	<u>100,586</u>	<u>6,399</u>
<i>Net Change in Fund Cash Balances</i>	<u>338,979</u>	<u>41,998</u>	<u>(2,605)</u>	<u>72,360</u>	<u>450,732</u>
<i>Fund Cash Balances, January 1</i>	<u>1,601,712</u>	<u>219,580</u>	<u>13,008</u>	<u>354,820</u>	<u>2,189,120</u>
Fund Cash Balances, December 31					
Restricted	0	259,944	10,403	0	270,347
Committed	67,991	1,634	0	427,180	496,805
Assigned	193,136	0	0	0	193,136
Unassigned (Deficit)	1,679,564	0	0	0	1,679,564
<i>Fund Cash Balances, December 31</i>	<u>\$1,940,691</u>	<u>\$261,578</u>	<u>\$10,403</u>	<u>\$427,180</u>	<u>\$2,639,852</u>

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

Village of Silver Lake, Ohio
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2013

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$1,083,557	\$0	\$1,083,557
Metro SWAT Dues	0	96,139	96,139
Miscellaneous	6,263	3,443	9,706
<i>Total Operating Cash Receipts</i>	<u>1,089,820</u>	<u>99,582</u>	<u>1,189,402</u>
Operating Cash Disbursements			
Personal Services	224,934	25,000	249,934
Employee Fringe Benefits	86,714	4,683	91,397
Contractual Services	465,985	21,669	487,654
Supplies and Materials	41,074	18,320	59,394
Other	7,795	480	8,275
<i>Total Operating Cash Disbursements</i>	<u>826,502</u>	<u>70,152</u>	<u>896,654</u>
<i>Operating Income</i>	<u>263,318</u>	<u>29,430</u>	<u>292,748</u>
Non-Operating Receipts (Disbursements)			
Sale of Capital Assets	0	3,800	3,800
Capital Outlay	(43,085)	(14,057)	(57,142)
Principal Retirement	(144,243)	0	(144,243)
Interest and Other Fiscal Charges	(50,795)	0	(50,795)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(238,123)</u>	<u>(10,257)</u>	<u>(248,380)</u>
<i>Income before Transfers</i>	25,195	19,173	44,368
Transfers In	15,476	0	15,476
<i>Net Change in Fund Cash Balances</i>	40,671	19,173	59,844
<i>Fund Cash Balances, January 1</i>	<u>897,723</u>	<u>54,856</u>	<u>952,579</u>
<i>Fund Cash Balances, December 31</i>	<u>\$938,394</u>	<u>\$74,029</u>	<u>\$1,012,423</u>

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

Village of Silver Lake, Ohio

Summit County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2012

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$924,251	\$20,613	\$0	\$0	\$944,864
Municipal Income Tax	485,662	0	0	0	485,662
Intergovernmental	399,011	127,976	0	13,998	540,985
Special Assessments	260	0	9,603	9,499	19,362
Charges for Services	11,362	0	0	0	11,362
Fines, Licenses and Permits	68,015	678	0	0	68,693
Earnings on Investments	1,804	0	13	0	1,817
Miscellaneous	6,218	136	0	0	6,354
<i>Total Cash Receipts</i>	<u>1,896,583</u>	<u>149,403</u>	<u>9,616</u>	<u>23,497</u>	<u>2,079,099</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,003,510	23,082	0	0	1,026,592
Public Health Services	28,984	0	0	0	28,984
Leisure Time Activities	73,209	0	0	0	73,209
Community Environment	2,586	0	0	0	2,586
Transportation	311,181	87,517	0	0	398,698
General Government	474,774	0	372	365	475,511
Capital Outlay	0	0	0	187,048	187,048
Debt Service:					
Principal Retirement	0	0	10,000	0	10,000
Interest and Fiscal Charges	0	0	2,768	0	2,768
<i>Total Cash Disbursements</i>	<u>1,894,244</u>	<u>110,599</u>	<u>13,140</u>	<u>187,413</u>	<u>2,205,396</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,339</u>	<u>38,804</u>	<u>(3,524)</u>	<u>(163,916)</u>	<u>(126,297)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	47,581	0	0	0	47,581
Transfers In	0	0	0	20,933	20,933
Transfers Out	(21,537)	0	0	0	(21,537)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>26,044</u>	<u>0</u>	<u>0</u>	<u>20,933</u>	<u>46,977</u>
<i>Net Change in Fund Cash Balances</i>	<u>28,383</u>	<u>38,804</u>	<u>(3,524)</u>	<u>(142,983)</u>	<u>(79,320)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,573,329</u>	<u>180,776</u>	<u>16,532</u>	<u>497,803</u>	<u>2,268,440</u>
Fund Cash Balances, December 31					
Restricted	0	218,053	13,008	0	231,061
Committed	79,938	1,527	0	354,820	436,285
Assigned	93,225	0	0	0	93,225
Unassigned (Deficit)	1,428,549	0	0	0	1,428,549
<i>Fund Cash Balances, December 31</i>	<u>\$1,601,712</u>	<u>\$219,580</u>	<u>\$13,008</u>	<u>\$354,820</u>	<u>\$2,189,120</u>

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

Village of Silver Lake, Ohio

Summit County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2012

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$1,112,224	\$0	\$1,112,224
Fines, Licenses and Permits	180	0	180
Metro SWAT Dues	0	59,493	59,493
Miscellaneous	546	6,753	7,299
<i>Total Operating Cash Receipts</i>	<u>1,112,950</u>	<u>66,246</u>	<u>1,179,196</u>
Operating Cash Disbursements			
Personal Services	252,220	25,000	277,220
Employee Fringe Benefits	90,695	4,410	95,105
Contractual Services	372,979	20,406	393,385
Supplies and Materials	37,705	29,203	66,908
Other	7,205	1,606	8,811
<i>Total Operating Cash Disbursements</i>	<u>760,804</u>	<u>80,625</u>	<u>841,429</u>
<i>Operating Income (Loss)</i>	<u>352,146</u>	<u>(14,379)</u>	<u>337,767</u>
Non-Operating Receipts (Disbursements)			
OPWC Loan Issued	235,382	0	235,382
Sale of Capital Assets	0	5,500	5,500
Capital Outlay	(631,957)	(25,687)	(657,644)
Principal Retirement	(134,186)	0	(134,186)
Interest and Other Fiscal Charges	(55,400)	0	(55,400)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(586,161)</u>	<u>(20,187)</u>	<u>(606,348)</u>
<i>Loss before Transfer</i>	<u>(234,015)</u>	<u>(34,566)</u>	<u>(268,581)</u>
Transfers In	<u>604</u>	<u>0</u>	<u>604</u>
<i>Net Change in Fund Cash Balances</i>	<u>(233,411)</u>	<u>(34,566)</u>	<u>(267,977)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,131,134</u>	<u>89,422</u>	<u>1,220,556</u>
<i>Fund Cash Balances, December 31</i>	<u>\$897,723</u>	<u>\$54,856</u>	<u>\$952,579</u>

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

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

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 Silver Lake, Summit County, (the Village) as a body corporate and politic. The Village is directed by a seven-member Council, elected three (3) at large and four (4) by district for four year terms. The mayor is elevated to a four-year term and has no voting privileges. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village roads, park operations, and police services. The Village appropriates general fund money to support a contract with the City of Cuyahoga Falls for fire and emergency medical services.

The Village participates in one jointly governed organization, the Regional Council of Governments. This organization is presented in note 12 to the financial statements.

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

B. Accounting Basis

These financial statements follow the accounting basis 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. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

1. General Fund

The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

Street Construction, Maintenance and Repair Fund – This fund receives State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

Police Pension Fund – This fund receives restricted property taxes levied for the payment of current employer contributions for police disability and pension benefits.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant debt service fund:

Various Purpose Retirement – This fund receives assessments restricted for the payment of principal and interest and fiscal charges on debt.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

General Capital Improvements – This fund receives assessment and intergovernmental revenues restricted for capital equipment purchased and capital projects completed by the Village.

5. 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 funds:

Water Operating – The water fund accounts for the provision of water to the residents and commercial users located within the Village.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

Sewer Operating – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Metro SWAT.

E. Basis of Accounting

For the years ended December 31, 2012 and December 31, 2013, the Village changed from other comprehensive basis of accounting to regulatory basis.

F. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2012 and 2013 budgetary activity appears in Note 4.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

H. Property, Plant, and Equipment

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting, however, an accrued liabilities fund has been created to set aside resources from which employees who have accumulated unpaid leave are paid.

2. Change in Accounting Principles

During 2013, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statement No. 14 and 34".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. These changes were incorporated in the Village's financial statements; however, there was no effect on beginning fund balance.

3. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$944,687	\$685,254
High Yield Savings	<u>1,231,980</u>	<u>1,231,144</u>
Total deposits	2,176,667	1,916,398
STAR Ohio	<u>1,475,608</u>	<u>1,225,301</u>
Total deposits and investments	<u><u>\$3,652,275</u></u>	<u><u>\$3,141,699</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

4. Budgetary Activity

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,284,524	\$2,282,953	(\$1,571)
Special Revenue	150,500	150,906	406
Debt Service	9,000	9,958	958
Capital Projects	116,700	101,427	(15,273)
Enterprise	1,100,750	1,105,296	4,546
Fiduciary	100,150	103,382	3,232
Total	\$3,761,624	\$3,753,922	(\$7,702)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,074,725	\$2,010,623	\$64,102
Special Revenue	129,734	119,707	10,027
Debt Service	12,753	12,563	190
Capital Projects	53,133	48,159	4,974
Enterprise	1,172,117	1,124,574	47,543
Fiduciary	88,112	86,486	1,626
Total	\$3,530,574	\$3,402,112	\$128,462

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,860,369	\$1,944,164	\$83,795
Special Revenue	133,955	149,403	15,448
Debt Service	9,800	9,616	(184)
Capital Projects	47,731	44,430	(3,301)
Enterprise	1,390,987	1,348,936	(42,051)
Fiduciary	88,000	71,746	(16,254)
Total	\$3,530,842	\$3,568,295	\$37,453

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,154,442	\$1,964,218	\$190,224
Special Revenue	141,973	110,994	30,979
Debt Service	13,368	13,140	228
Capital Projects	191,119	189,631	1,488
Enterprise	1,901,048	1,724,319	176,729
Fiduciary	119,385	106,864	12,521
Total	\$4,521,335	\$4,109,166	\$412,169

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

5. 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.

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.

6. Local Income Tax

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 2 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

7. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$380,000	4.22 - 6.10%
Ohio Water Development Authority Loans	331,965	3.03 - 4.16%
Ohio Public Works Commission Loans	939,249	0%
Summit County Department of Environmental Services - Mudbrook Improvements	<u>356,719</u>	6.10%
Total	<u><u>\$2,007,933</u></u>	

The Ohio Water Development Authority (OWDA) loans relates to sanitary sewer improvement projects. The OWDA approved up to \$647,762 in loans to the Village for these projects. The Village will repay the loans in semiannual installments of \$22,969, including interest, over 20 years. The scheduled payment amount below assumes that \$647,762 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village issued general obligation bonds to finance the purchase of a new dump truck and plowing equipment for Village road maintenance.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

The general obligation bonds relate to the financing of various sidewalk and curbing projects completed in the Village during the early 1990's and are paid for by special assessments of the affected property owners.

The bonds issued in 2008 were issued under the Ohio Capital Asset Financing Program as Fractionalized Interests which equals the aggregate of principal amounts of the separate series of Bonds issued by participating Political Subdivisions. This issue consists of five participants other than the Village of Silver Lake: City of Munroe Falls, Mifflin Township, City of Shelby, Village of Germantown and the City of Richmond Heights. The bonds issued on behalf of the Village of Silver Lake financed a water line replacement project on Graham Road. Although the debt service will be paid out of the water capital fund, the issue is considered a general obligation of the Village.

The bonds issued in 2011 were also issued under the Ohio Capital Asset Financing Program as Fractionalized Interests. The participants in this issue, besides the Village of Silver Lake were: Village of Galena, City of Reading, Little Miami Joint Fire & Rescue District, City of Munroe Falls, City of Forest Park, and the Village of Ottawa. The bonds issued on behalf of the Village of Silver Lake will finance a sewer relining and replacement project on Orchard Road and Kingston Circle. Although the debt service will be paid out of the sewer fund, the issue is considered a general obligation of the Village.

The Ohio Public Works Commission loans were obtained for the purpose of paying for the costs of sanitary sewer improvements to the Village's sewer system. The loans will be repaid in semiannual installments totaling approximately \$27,151 over the next 10 to 28 years.

The Village is paying semiannual installments to the Summit County Department of Environmental Services for the village's pro-rata share of capital improvements made to the Mudbrook Trunk Sewer System which the Village utilizes as part of its wastewater treatment facilities contract. The loans are payable from the Village sewer receipts.

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

Year ending December 31:	General Obligation			Summit County
	Bonds	OWDA Loans	OPWC Loans	DOES
2014	\$57,621	\$45,940	\$62,150	\$50,847
2015	50,705	45,939	62,150	57,272
2016	39,016	45,940	60,304	57,347
2017	37,940	45,938	58,458	57,226
2018	41,790	45,941	58,458	57,283
2019-2023	210,676	158,409	234,965	171,786
2024-2028	54,726	0	120,190	0
2029-2033	0	0	111,201	0
2034-2038	0	0	111,201	0
2039-2042	0	0	60,172	0
Total	<u>\$492,474</u>	<u>\$388,107</u>	<u>\$939,249</u>	<u>\$451,761</u>

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

8. Leases

The Village leased postage metering equipment. The Village disbursed \$385 to pay lease costs for the year ended December 31, 2013. The lease was terminated in March 2013.

9. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and January through June 30, 2013, OP&F participants contributed ten percent of their wages. Beginning July 1 2013, OP&F participants contributed 10.75 percent of their wages. For 2012 and 2013, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. For 2012 and 2013, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

10. Risk Management

The Village has obtained commercial insurance for the following risks:

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

11. Contingent Liabilities

The Village is defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Village of Silver Lake
Summit County**

**Notes to the Financial Statements
December 31, 2012 and 2013**

12. Jointly Governed Organization

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing of facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose.

The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for over 160 municipalities throughout the State of Ohio. Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA. The Council did not receive any funding from the Village during the current year.



Dave Yost • Auditor of State

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

Village of Silver Lake
Summit County
2961 Kent Road
Silver Lake, Ohio 44224

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Silver Lake, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, and have issued our report thereon dated October 24, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village elected to change its financial presentation from another comprehensive basis of accounting (OCBOA) to regulatory basis.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2014



Dave Yost • Auditor of State

VILLAGE OF SILVER LAKE

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2014**