



**VILLAGE OF SILVER LAKE
SUMMIT COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Silver Lake
2961 Kent Road
Silver Lake, OH 44224

We have reviewed the *Independent Auditor's Report* of the Village of Silver Lake, Summit County, prepared by Canter & Associates, for the audit period January 1, 2020 through December 31, 2021. 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 Silver Lake is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 01, 2022

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**VILLAGE OF SILVER LAKE
SUMMIT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Silver Lake, Summit County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary combined total as of and for the year ended December 31, 2021, and the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary combined total as of and for the year ended December 31, 2021, and the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Silver Lake, as of December 31, 2021 and 2020, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village of Silver Lake, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of Silver Lake on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Canter & Associates

Poland, Ohio

September 29, 2022

Village of Silver Lake
Summit County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property and Other Taxes	\$ 1,145,081	\$ 25,541	\$ -	\$ -	\$ 1,170,622
Municipal Income Tax	925,851	-	-	-	925,851
Intergovernmental	388,259	321,555	-	-	709,814
Special Assessments	-	-	-	320	320
Charges for Services	16,905	-	-	-	16,905
Fines, Licenses and Permits	130,142	4,583	-	-	134,725
Earnings on Investments	27,938	1,614	-	-	29,552
Miscellaneous	43,537	5,975	-	-	49,512
<i>Total Cash Receipts</i>	<u>2,677,713</u>	<u>359,268</u>	<u>-</u>	<u>320</u>	<u>3,037,301</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,197,820	25,850	-	-	1,223,670
Public Health Services	28,274	-	-	-	28,274
Leisure Time Activities	134,116	-	-	-	134,116
Community Environment	24,926	5,668	-	-	30,594
Transportation	518,175	165,339	-	-	683,514
General Government	416,615	21,678	-	2,655	440,948
Capital Outlay	-	-	-	110,182	110,182
<i>Total Cash Disbursements</i>	<u>2,319,926</u>	<u>218,535</u>	<u>-</u>	<u>112,837</u>	<u>2,651,298</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>357,787</u>	<u>140,733</u>	<u>-</u>	<u>(112,517)</u>	<u>386,003</u>
Other Financing Receipts/(Disbursements)					
Sale of Capital Assets	9,750	-	-	1,666	11,416
Transfers In	-	-	-	19,408	19,408
Transfers Out	(23,887)	-	-	-	(23,887)
Advances In	29,514	-	-	-	29,514
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>15,377</u>	<u>-</u>	<u>-</u>	<u>21,074</u>	<u>36,451</u>
<i>Net Change in Fund Cash Balances</i>	373,164	140,733	-	(91,443)	422,454
Fund Cash Balances, January 1	2,505,412	287,953	1,278	361,756	3,156,399
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 2,878,576</u>	<u>\$ 428,686</u>	<u>\$ 1,278</u>	<u>\$ 270,313</u>	<u>\$ 3,578,853</u>

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

Village of Silver Lake
Summit County, Ohio

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,436,665
Deposits	9,750
Earnings on Investments	14,818
<i>Total Operating Cash Receipts</i>	1,461,233
Operating Cash Disbursements	
Personal Services	278,022
Employee Fringe Benefits	80,640
Contractual Services	612,907
Supplies and Materials	69,864
Other	18,992
<i>Total Operating Cash Disbursements</i>	1,060,425
<i>Operating Income (Loss)</i>	400,808
Non-Operating Cash Receipts (Disbursements)	
Capital Outlay	(250,668)
Principal Retirement	(211,956)
Interest and Fiscal Charges	(30,439)
Sale of Assets	3,333
Advances Out	(29,514)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(519,244)
<i>Income (Loss) before Transfers</i>	(118,436)
Transfers In	4,479
<i>Net Change in Fund Cash Balances</i>	(113,957)
<i>Fund Cash Balance, January 1</i>	943,049
<i>Fund Cash Balance, December 31</i>	\$ 829,092

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

Village of Silver Lake
Summit County, Ohio

Combined Statement of Additions, Deductions, and
Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Other Amounts Collected for Distribution	\$ 40,275
Deductions	
Distributions of Deposits	<u>28,376</u>
<i>Net Change in Fund Balance</i>	11,899
<i>Fund Cash Balance, January 1</i>	<u>-</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 11,899</u></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
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Silver Lake (the Village), Summit County, is a body politic and corporate 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 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.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in one jointly governed organization, the Regional Council of Governments. This organization is presented in Notes 12 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

American Rescue Plan Act Fund - To make strategic investments in long-lived assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations from the Coronavirus Disease.

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 Funds:

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

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.

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.

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for withheld employee pension contributions until the Village is obligated to remit the dollars. Gross payroll is expensed within this fund when payment is due.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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 approve estimated resources.

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 2021 budgetary activity appears in Note 3.

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.

The Village values U.S. Treasury Notes at cost Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Commercial paper and certificates of deposit are valued at cost.

Capital Assets

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

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Trustees amend 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 last 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,691,932	\$2,687,463	(\$4,469)
Special Revenue	359,638	359,268	(370)
Capital Projects	18,900	21,394	2,494
Enterprise	1,527,970	1,464,566	(63,404)
Fiduciary	0	40,275	40,275
Total	\$4,598,440	\$4,572,966	(\$25,474)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,581,846	\$2,444,663	\$137,183
Special Revenue	241,407	229,989	11,418
Debt Service	20	0	20
Capital Projects	117,492	112,837	4,655
Enterprise	2,075,370	1,717,967	357,403
Fiduciary	0	28,376	(28,376)
Total	\$5,016,135	\$4,533,832	\$482,303

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$969,820
Certificates of Deposit	1,181,913
Money Market	44,128
Total deposits	2,195,861
Federal Securities	1,610,973
Commercial Paper	0
STAR Ohio	613,010
Total investments	2,223,983
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$4,419,844

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

US Bank's trust department holds the Village's equity securities in book-entry form in the Village's name.

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Income Taxes

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.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Activity

Outstanding advances at December 31, 2021, consisted of one advance from the general fund to the Storm Water Fund in the amounts of \$26,667.

The advance made with Resolution 67-2020 was made to provide working capital for operations or projects and will be repaid in annual installments of \$13,333.34 until 2023.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2021.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.50 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$120,000	4.22% - 6.10%
Ohio Water Development Authority Loans:		
Loan #3540	10,453	3.00%
Loan #3883	23,218	3.00%
Loan #7802	167,951	3.28%
Loan #8105	759,263	
<i>Subtotal</i>	960,885	1.65%
Ohio Public Works Commission Loans	506,635	0.00%
Total	\$1,587,520	

General Obligation Bonds:

The Village issued general obligation bonds in 2008 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 Village issued general obligation bonds in 2011 that 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 financed 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.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

OWDA Loans:

The Ohio Water Development Authority (OWDA) loans relate to sanitary sewer improvement projects. The Village will repay the loans in semiannual installments over the next 26 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OPWC Loans:

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 over the next 21 years.

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

Year Ending December 31:	General Obligation Bonds	OWDA Loans	OPWC Loans
2022	\$40,490	\$81,197	\$48,428
2023	38,890	70,512	39,826
2024	17,250	58,462	31,229
2025	16,575	58,462	26,735
2026	20,900	58,462	22,240
2027 - 2031		292,310	111,201
2032 - 2036		292,310	111,201
2037 - 2041		194,456	104,005
2042 - 2046		47,675	11,770
2047 -2048		14,303	
Total	\$134,105	\$1,168,149	\$506,635

Note 11 – Contingent Liabilities

Grantor Agencies

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.

County of Summit, Department of Sanitary Sewer Services

On December 31, 2021 the Village was disputing charges for the months including November and December 2019. Total charges for these two months were \$266,938. The dispute was resolved in 2021 in favor of the Village.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 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 323 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.

Note 13 – Fund Balances

Included in fund balance are encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$100,850	\$11,454	\$0	\$0	\$112,304
Total	<u>\$100,850</u>	<u>\$11,454</u>	<u>\$0</u>	<u>\$0</u>	<u>\$112,304</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2021

During 2021, the Village received \$130,625 from the American Rescue Plan Act (ARPA). The Village has not spent any of these monies.

During 2020, the Village received \$408,878 in CARES Act funding. This amount is included in the Special Revenue Intergovernmental receipts. From these CARES Act funds, the Village spent \$8,222 during 2021 and \$400,656 during 2020 which is included in the Special Revenue general government cash disbursements.

Village of Silver Lake
Summit County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property and Other Taxes	\$ 1,018,837	\$ 22,725	\$ -	\$ -	\$ 1,041,562
Municipal Income Tax	803,254	-	-	-	803,254
Intergovernmental	341,586	593,150	-	-	934,736
Special Assessments	-	-	-	95	95
Charges for Services	8,145	-	-	-	8,145
Fines, Licenses and Permits	104,552	5,660	-	-	110,212
Earnings on Investments	51,321	2,758	-	-	54,079
Miscellaneous	92,160	9,110	-	-	101,270
<i>Total Cash Receipts</i>	<u>2,419,855</u>	<u>633,403</u>	<u>-</u>	<u>95</u>	<u>3,053,353</u>
Cash Disbursements					
Current:					
Security of Persons and Property	920,867	25,796	-	-	946,663
Public Health Services	29,014	-	-	-	29,014
Leisure Time Activities	113,681	-	-	-	113,681
Community Environment	12,122	4,514	-	-	16,636
Transportation	541,654	153,658	-	-	695,312
General Government	399,487	400,656	-	3,479	803,622
Capital Outlay	-	-	-	3,730	3,730
<i>Total Cash Disbursements</i>	<u>2,016,825</u>	<u>584,624</u>	<u>-</u>	<u>7,209</u>	<u>2,608,658</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>403,030</u>	<u>48,779</u>	<u>-</u>	<u>(7,114)</u>	<u>444,695</u>
Other Financing Receipts/(Disbursements)					
Sale of Capital Assets	78	-	-	-	78
Transfers In	-	-	-	37,281	37,281
Transfers Out	(47,252)	-	-	-	(47,252)
Advances In	33,598	-	-	-	33,598
Advances Out	(40,000)	-	-	-	(40,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(53,576)</u>	<u>-</u>	<u>-</u>	<u>37,281</u>	<u>(16,295)</u>
<i>Net Change in Fund Cash Balances</i>	349,454	48,779	-	30,167	428,400
<i>Fund Cash Balances, January 1</i>	<u>2,155,958</u>	<u>239,174</u>	<u>1,278</u>	<u>331,589</u>	<u>2,727,999</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,505,412</u>	<u>\$ 287,953</u>	<u>\$ 1,278</u>	<u>\$ 361,756</u>	<u>\$ 3,156,399</u>

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

Village of Silver Lake
Summit County, Ohio

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,425,953
Deposits	9,500
Earnings on Investments	22,564
	<u>1,458,017</u>
Operating Cash Disbursements	
Personal Services	269,079
Employee Fringe Benefits	80,301
Contractual Services	594,513
Supplies and Materials	34,801
Other	12,168
	<u>990,862</u>
<i>Total Operating Cash Receipts</i>	<u>1,458,017</u>
	<u>467,155</u>
<i>Operating Income (Loss)</i>	<u>467,155</u>
Non-Operating Cash Receipts (Disbursements)	
Capital Outlay	(104,184)
Principal Retirement	(187,562)
Interest and Fiscal Charges	(36,886)
Advances In	40,000
Advances Out	(33,598)
	<u>(322,230)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(322,230)</u>
<i>Income (Loss) before Transfers</i>	144,925
Transfers In	64,311
Transfers Out	(54,340)
	<u>154,896</u>
<i>Net Change in Fund Cash Balances</i>	<u>154,896</u>
<i>Fund Cash Balance, January 1</i>	<u>788,153</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 943,049</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
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Silver Lake (the Village), Summit County, is a body politic and corporate 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 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.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in one jointly governed organization, the Regional Council of Governments. This organization is presented in Notes 12 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Local Coronavirus Relief Fund - To cover costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

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 Funds:

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

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.

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.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 approve estimated resources.

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 2020 budgetary activity appears in Note 3.

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.

The Village values U.S. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Commercial paper and certificates of deposit are valued at cost.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 last 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,440,262	\$2,419,933	(\$20,329)
Special Revenue	633,012	633,403	391
Capital Projects	42,700	37,376	(5,324)
Enterprise	1,565,990	1,522,328	(43,662)
Total	\$4,681,964	\$4,613,040	(\$68,924)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,396,691	\$2,098,243	\$298,448
Special Revenue	619,207	593,840	25,367
Debt Service	20	0	20
Capital Projects	10,543	7,209	3,334
Enterprise	1,728,659	1,595,870	(132,789)
Total	\$4,755,120	\$4,295,162	\$194,380

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$674,679
Certificates of Deposit	1,664,954
Money Market	<u>84,426</u>
Total deposits	<u>2,424,059</u>
Federal Securities	643,721
Commercial Paper	419,228
STAR Ohio	<u>612,440</u>
Total investments	<u>1,675,389</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$4,099,448</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

US Bank's trust department holds the Village's equity securities in book-entry form in the Village's name.

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Income Taxes

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.

Note 6 – Interfund Activity

Outstanding advances at December 31, 2020, consisted of two advances from the general fund to the Storm Water Fund in the amounts of \$29,514 and \$40,000, respectively.

The \$29,514 advance balance was made with Resolution 54-2018 to provide working capital for operations or projects and will be repaid in 2021.

The \$40,000 advance made with Resolution 67-2020 was made to provide working capital for operations or projects and will be repaid in annual installments of \$13,333.34 until 2023.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.50 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$155,000	4.22% - 6.10%
Ohio Water Development Authority Loans:		
Loan #3339	13,233	3.00%
Loan #3540	20,535	3.00%
Loan #3883	34,313	3.00%
Loan #7802	171,881	3.28%
Loan #8105	795,217	
<i>Subtotal</i>	1,035,179	1.65%
Ohio Public Works Commission Loans	555,061	0.00%
Summit County Department of Environmental Services - Mudbrook Improvements	54,236	6.10%
Total	\$1,799,476	

General Obligation Bonds:

The Village issued general obligation bonds in 2008 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 Village issued general obligation bonds in 2011 that 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 financed 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.

OWDA Loans:

The Ohio Water Development Authority (OWDA) loans relate to sanitary sewer improvement projects. The Village will repay the loans in semiannual installments over the next 29 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OPWC Loans:

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 over the next 1 to 23 years.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Summit County Department of Environmental Services Loans:

The Village is paying semiannual installments to the Summit County Department of Sanitary Sewer Services (DOSSS), 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 Bonds	OWDA Loans	OPWC Loans	Summit County DOES
2021	\$42,090	\$94,660	\$48,426	\$57,220
2022	40,490	81,197	48,428	
2023	38,890	70,512	39,826	
2024	17,250	58,462	31,229	
2025	16,575	58,462	26,735	
2026 - 2030	20,900	292,310	111,201	
2031 - 2035		292,310	111,201	
2036 - 2040		243,383	111,201	
2041 - 2045		47,675	26,814	
2046 -2050		23,838		
Total	<u>\$176,195</u>	<u>\$1,262,809</u>	<u>\$555,061</u>	<u>\$57,220</u>

Note 11 – Contingent Liabilities

Grantor Agencies

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.

County of Summit, Department of Sanitary Sewer Services

The Village is currently disputing charges for the months including December 2019 and January 2020. Total charges for these two months were \$266,938. The Village has paid \$41,195. We cannot presently determine what portion of the remaining amount owed of \$225,743 will be resolved favorably on behalf of the Village. The remaining amount owed is material to the Sewer Fund.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 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 323 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.

Note 13 – Fund Balances

Included in fund balance are encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$34,166	\$9,216	\$0	\$0	\$43,382
Total	<u>\$34,166</u>	<u>\$9,216</u>	<u>\$0</u>	<u>\$0</u>	<u>\$43,382</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Silver Lake
Summit County

Notes to the Financial Statements
For the Year Ended December 31, 2020

During 2020, the Village received \$408,878 in CARES Act funding. This amount is included in the Special Revenue Intergovernmental receipts. From these CARES Act funds, the Village spent \$400,656 which is included in the Special Revenue general government cash disbursements.

Note 15 – Change in Accounting Principles

Fund Balance Classifications - GASB Statement No. 54

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had no effect on beginning cash balances, as previously reported.

Fiduciary Activities - GASB Statement No. 84

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

This change had no effect on beginning cash balances, as previously reported.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *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 the 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, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary combined total as of and for the year ended December 31, 2021, and the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements of Village of Silver Lake, Summit County (the Village), and have issued our report thereon dated September 29, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CANTER & ASSOCIATES

Poland, Ohio

September 29, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SILVER LAKE

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/15/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov