



**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



VILLAGE OF SILVER LAKE  
SUMMIT COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Silver Lake, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

March 15, 2002, except for Note 10 as to which the date is May 7, 2002

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$885,130				\$439,590	\$1,324,720
Special Assessments			\$25,554	\$25,034		50,588
Intergovernmental Receipts	617,691	\$63,387			1,341	682,419
Charges for Services	34,947					34,947
Fines, Licenses, and Permits	38,906	233				39,139
Earnings on Investments	141,135	3,551				144,686
Miscellaneous	4,785				23,450	28,235
<b>Total Cash Receipts</b>	<b>1,722,594</b>	<b>67,171</b>	<b>25,554</b>	<b>25,034</b>	<b>464,381</b>	<b>2,304,734</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	846,578				28,000	874,578
Public Health Services	24,749					24,749
Leisure Time Activities	66,030					66,030
Community Environment	3,944					3,944
Transportation	341,921	57,007				398,928
General Government	290,164		1,013		46,400	337,577
Debt Service:						
Principal Payments			18,692			18,692
Interest Payments			10,883			10,883
Capital Outlay	30,752			865,272	62,194	958,218
<b>Total Cash Disbursements</b>	<b>1,604,138</b>	<b>57,007</b>	<b>30,588</b>	<b>865,272</b>	<b>136,594</b>	<b>2,693,599</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>118,456</b>	<b>10,164</b>	<b>(5,034)</b>	<b>(840,238)</b>	<b>327,787</b>	<b>(388,865)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Loan Proceeds				334,465		334,465
Transfers-In			3,692	671,986	2,668	678,346
Advances-In				257,500		257,500
Transfers-Out	(344,102)			(219,345)	(150,000)	(713,447)
Advances-Out				(250,000)		(250,000)
Other Sources/(Uses)	(350)		2,714			2,364
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(344,452)</b>	<b>0</b>	<b>6,406</b>	<b>794,606</b>	<b>(147,332)</b>	<b>309,228</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(225,996)</b>	<b>10,164</b>	<b>1,372</b>	<b>(45,632)</b>	<b>180,455</b>	<b>(79,637)</b>
<b>Fund Cash Balances, January 1</b>	<b>392,940</b>	<b>83,471</b>	<b>53,975</b>	<b>634,824</b>	<b>1,088,336</b>	<b>2,253,546</b>
<b>Fund Cash Balances, December 31</b>	<b>\$166,944</b>	<b>\$93,635</b>	<b>\$55,347</b>	<b>\$589,192</b>	<b>\$1,268,791</b>	<b>\$2,173,909</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$41,687</b>	<b>\$500</b>	<b>\$0</b>	<b>\$68,030</b>	<b>\$0</b>	<b>\$110,217</b>

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

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$858,046		\$858,046
Miscellaneous	1,225	\$632	1,857
<b>Total Operating Cash Receipts</b>	<b>859,271</b>	<b>632</b>	<b>859,903</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	220,950		220,950
Travel Transportation	220		220
Contractual Services	389,796		389,796
Supplies and Materials	42,589		42,589
Capital Outlay	77,249		77,249
<b>Total Operating Cash Disbursements</b>	<b>730,804</b>	<b>0</b>	<b>730,804</b>
Operating Income	128,467	632	129,099
<b>Non-Operating Cash Disbursements:</b>			
Debt Service - Principal	34,385		34,385
Debt Service - Interest	65,071		65,071
Other Non-Operating Cash Disbursements	9,277		9,277
<b>Total Non-Operating Cash Disbursements</b>	<b>108,733</b>	<b>0</b>	<b>108,733</b>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	19,734	632	20,366
Transfers-In	151,293		151,293
Transfers-Out	(116,192)		(116,192)
Advances-Out	(7,500)		(7,500)
Other Uses		(561)	(561)
Net Receipts Over Disbursements	47,335	71	47,406
Fund Cash Balances, January 1	1,081,187	17,773	1,098,960
<b>Fund Cash Balances, December 31</b>	<b>\$1,128,522</b>	<b>\$17,844</b>	<b>\$1,146,366</b>
Reserve for Encumbrances, December 31	\$46,470	\$0	\$46,470

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

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$875,750				\$424,630	\$1,300,380
Special Assessments			\$27,015	\$96,842		123,857
Intergovernmental	624,500	\$64,360			2,661	691,521
Charges for Services	5,302					5,302
Fines, Licenses, and Permits	35,404	1,331				36,735
Earnings on Investments	184,030	4,546	3,588			192,164
Miscellaneous	3,335			900	49,373	53,608
<b>Total Cash Receipts</b>	<b>1,728,321</b>	<b>70,237</b>	<b>30,603</b>	<b>97,742</b>	<b>476,664</b>	<b>2,403,567</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	830,686	1,880			17,500	850,066
Public Health Services	23,910					23,910
Leisure Time Activities	72,397					72,397
Community Environment	2,265					2,265
Transportation	290,945					290,945
General Government	271,147	57,835	983		25,382	355,347
Debt Service:						
Principal Payments			18,692			18,692
Interest Payments			11,610			11,610
Capital Outlay				579,289		579,289
<b>Total Cash Disbursements</b>	<b>1,491,350</b>	<b>59,715</b>	<b>31,285</b>	<b>579,289</b>	<b>42,882</b>	<b>2,204,521</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>236,971</b>	<b>10,522</b>	<b>(682)</b>	<b>(481,547)</b>	<b>433,782</b>	<b>199,046</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In			3,692	595,612	3,105	602,409
Advances-In				265,000		265,000
Transfers-Out	(406,413)			(116,102)	(150,000)	(672,515)
Advances-Out				(250,000)		(250,000)
Other Sources/(Uses)				(344)	(50)	(394)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(406,413)</b>	<b>0</b>	<b>3,692</b>	<b>494,166</b>	<b>(146,945)</b>	<b>(55,500)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(169,442)</b>	<b>10,522</b>	<b>3,010</b>	<b>12,619</b>	<b>286,837</b>	<b>143,546</b>
<b>Fund Cash Balances January 1</b>	<b>562,382</b>	<b>72,949</b>	<b>50,965</b>	<b>622,205</b>	<b>801,499</b>	<b>2,110,000</b>
<b>Fund Cash Balances, December 31</b>	<b>\$392,940</b>	<b>\$83,471</b>	<b>\$53,975</b>	<b>\$634,824</b>	<b>\$1,088,336</b>	<b>\$2,253,546</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$72,866</b>	<b>\$750</b>	<b>\$0</b>	<b>\$113,936</b>	<b>\$0</b>	<b>\$187,552</b>

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

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$824,871	\$0	\$824,871
Miscellaneous	1,460		1,460
Total Operating Cash Receipts	<u>826,331</u>	<u>0</u>	<u>826,331</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	205,261		205,261
Travel Transportation	175		175
Contractual Services	456,337		456,337
Supplies and Materials	45,560		45,560
Capital Outlay	651,227		651,227
Total Operating Cash Disbursements	<u>1,358,560</u>	<u>0</u>	<u>1,358,560</u>
Operating Income	<u>(532,229)</u>	<u>0</u>	<u>(532,229)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		2,075	2,075
Bonds Proceeds	630,797		630,797
Total Non-Operating Cash Receipts	<u>630,797</u>	<u>2,075</u>	<u>632,872</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service - Principal	14,819		14,819
Debt Service - Interest	4,713		4,713
Other Non-Operating Cash Disbursements	5,916	2,246	8,162
Total Non-Operating Cash Disbursements	<u>25,448</u>	<u>2,246</u>	<u>27,694</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	73,120	(171)	72,949
Transfers-In	178,798		178,798
Transfers-Out	(108,692)		(108,692)
Advances-Out	(15,000)		(15,000)
Net Receipts Over/(Under) Disbursements	128,226	(171)	128,055
Fund Cash Balances, January 1	<u>952,961</u>	<u>17,944</u>	<u>970,905</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,081,187</u></b>	<b><u>\$17,773</u></b>	<b><u>\$1,098,960</u></b>
Reserve for Encumbrances, December 31	<u>\$23,967</u>	<u>\$0</u>	<u>\$23,967</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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Silver Lake, Summit County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village provides general government services, including water and sewer utilities, park operations, and police services. The Village contracts with the City of Stow to provide fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Village invests in Money Market mutual funds and STAR Ohio. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Various Purpose Bond Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Village's special assessment bonds.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

General Capital Improvement Fund - This fund receives a portion of income tax revenue to help pay for capital improvements of the Village.

Issue 2 Millboro/Bellaire Fund - This fund receives Issue II monies from the Ohio Public Works Commission which is used for the sanitary sewer project.

**5. Enterprise Funds**

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

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

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

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

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

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund - This fund is used to record the collection of self assessed taxes, the cost of collecting such tax and the distribution to various other funds in accordance with the Village charter.

Park Board Memorial Fund - This fund is used to account for donations for maintenance of memorials.

**E. 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 or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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

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

	2001	2000
Demand deposits	\$81,242	\$396,403
STAR Ohio	3,089,669	2,956,103
Mutual Fund	149,364	0
Total deposits and investments	\$3,320,275	\$3,352,506

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,922,242	\$1,722,594	(\$199,648)
Special Revenue	64,500	67,171	2,671
Debt Service	33,193	31,960	(1,233)
Capital Projects	1,811,500	1,288,985	(522,515)
Enterprise	985,500	1,010,564	25,064
Fiduciary	457,306	467,049	9,743
Total	\$5,274,241	\$4,588,323	(\$685,918)

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,309,473	\$1,990,277	\$319,196
Special Revenue	74,285	57,507	16,778
Debt Service	31,575	30,588	987
Capital Projects	2,535,316	1,402,647	1,132,669
Enterprise	1,495,426	1,009,699	485,727
Fiduciary	592,471	286,594	305,877
Total	<u>\$7,038,546</u>	<u>\$4,777,312</u>	<u>\$2,261,234</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,729,019	\$1,728,321	(\$698)
Special Revenue	59,800	70,237	10,437
Debt Service	38,693	34,295	(4,398)
Capital Projects	1,675,000	958,354	(716,646)
Enterprise	889,422	1,635,926	746,504
Fiduciary	418,306	479,769	61,463
Total	<u>\$4,810,240</u>	<u>\$4,906,902</u>	<u>\$96,662</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,197,920	\$1,970,629	\$227,291
Special Revenue	77,760	60,465	17,295
Debt Service	32,302	31,285	1,017
Capital Projects	2,176,034	1,059,671	1,116,363
Enterprise	913,796	1,531,667	(617,871)
Fiduciary	520,000	192,932	327,068
Total	<u>\$5,917,812</u>	<u>\$4,846,649</u>	<u>\$1,071,163</u>

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$395,137	0%
Ohio Water Development Authority	289,589	3.15 - 3.50%
Special Assessment Bonds	175,000	4.35 - 6.15%
Summit County Sewer Bond	<u>614,471</u>	4.80 - 6.25%
Total	<u>\$1,474,197</u>	

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

**6. DEBT (Continued)**

The Village has entered into contractual agreements for construction loans for sanitary sewer projects from the Ohio Public Works Commission (OPWC). The Village has received \$442,367 on these projects through December 31, 2001. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. These loans will not have repayment schedules until the loans are finalized and, therefore, are not included in the amortization schedule below.

The Village has also entered into contractual agreements for construction loans for sanitary sewer projects from the Ohio Water Development Authority (OWDA). The Village has received \$324,522 on these projects through December 31, 2001. Under the terms of the agreements, the OWDA will reimburse, advance or directly pay the construction costs of the approved projects. The OWDA will capitalize administrative costs and construction interest and add them to the total amount of each loan. These loans will not have repayment schedules until the loans are finalized and, therefore, are not included in the amortization schedule below.

The special assessment bonds will be repaid in annual installments over 20 years.

The Summit County Sewer Bond relates to the Village's pro rata share of the Mudbrook Trunk Sewer System project for which Summit County issued general obligation bonds. The Village is one of five entities sharing in the debt for this project. The Village will pay its share of the debt in annual installments over 20 years.

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

<u>Year ending December 31:</u>	<u>Special Assessment Bonds</u>	<u>Summit County Sewer Bond</u>
2002	\$25,133	\$54,110
2003	29,360	54,075
2004	28,310	54,084
2005	27,240	54,036
2006	11,150	54,033
2007 – 2011	73,063	270,306
2012 – 2016	52,073	270,272
2017 – 2021	0	270,197
Total	<u>\$246,329</u>	<u>\$1,081,113</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF SILVER LAKE  
SUMMIT COUNTY**

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

**7. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental to full-time employees through a private carrier.

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the state government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**10. SUBSEQUENT EVENT**

On May 7, 2002, the Village transferred approximately \$1.3 million of accumulated fund cash balances as of December 31, 2001 from the Expendable Trust Income Tax Fund to the General Fund. Commencing January 1, 2002 and until modified by Council the Village will transfer 50% of the net income taxes received within the Expendable Trust Fund to the General Fund.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
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 the accompanying financial statements of the Village of Silver Lake, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 15, 2002, except for Note 10 as to which the date is May 7, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 15, 2002.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 15, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 15, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**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  
JUNE 27, 2002**