

# **Village of Brewster**

*Audited Financial Statements*

*December 31, 2003 and 2002*





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Brewster

We have reviewed the Independent Auditor's Report of the Village of Brewster, Stark County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. 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 Brewster is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

May 24, 2004

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**VILLAGE OF BREWSTER  
STARK COUNTY**

**DECEMBER 31, 2003 AND 2002**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 13, 2004

Mayor and Members of Council  
Village of Brewster  
Brewster, OH 44613

## Independent Auditor's Report

We have audited the accompanying financial statements of the Village of Brewster (the "Village") as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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 of Brewster as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 13, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*Rea & Associates, Inc.*

VILLAGE OF BREWSTER  
STARK COUNTY

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

	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>					
Taxes	\$ 77,686	\$ 68,697	\$ 0	\$ 571,869	\$ 718,252
Intergovernmental Revenue	119,705	127,132	30,000	0	276,837
Special Assessments	6,387	0	0	0	6,387
Charges For Services	0	73,101	0	0	73,101
Fines, Licenses and Permits	1,120	1,080	0	0	2,200
Interest	9,730	328	0	0	10,058
Miscellaneous	12,109	4,182	0	0	16,291
<b>Total Cash Receipts</b>	<b>226,737</b>	<b>274,520</b>	<b>30,000</b>	<b>571,869</b>	<b>1,103,126</b>
<b>CASH DISBURSEMENTS:</b>					
<b>Current:</b>					
Security of Persons	299,405	114,426	0	0	413,831
Public Health Services	7,015	0	0	0	7,015
Leisure Time Activities	0	7,381	0	0	7,381
Community Environment	1,338	0	0	0	1,338
Basic Utility Services	4,360	0	0	0	4,360
Transportation	23,370	118,683	0	0	142,053
General Government	164,444	329	0	9,673	174,446
Capital Outlay	49,484	301,758	38,208	0	389,450
<b>Total Cash Disbursements</b>	<b>549,416</b>	<b>542,577</b>	<b>38,208</b>	<b>9,673</b>	<b>1,139,874</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>(322,679)</b>	<b>(268,057)</b>	<b>(8,208)</b>	<b>562,196</b>	<b>(36,748)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Sale of Fixed Assets	0	50	0	0	50
Transfers - In	348,090	253,190	25,470	0	626,750
Transfers - Out	(60,750)	0	0	(566,000)	(626,750)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>287,340</b>	<b>253,240</b>	<b>25,470</b>	<b>(566,000)</b>	<b>50</b>
<b>Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(35,339)</b>	<b>(14,817)</b>	<b>17,262</b>	<b>(3,804)</b>	<b>(36,698)</b>
<b>FUND CASH BALANCES, January 1, 2003</b>	<b>198,234</b>	<b>410,982</b>	<b>377,610</b>	<b>7,504</b>	<b>994,330</b>
<b>FUND CASH BALANCES, December 31, 2003</b>	<b>\$ 162,895</b>	<b>\$ 396,165</b>	<b>\$ 394,872</b>	<b>\$ 3,700</b>	<b>\$ 957,632</b>
<b>RESERVE FOR ENCUMBRANCES</b>	<b>\$ 0</b>	<b>\$ 3,650</b>	<b>\$ 1,750</b>	<b>\$ 0</b>	<b>\$ 5,400</b>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BREWSTER  
STARK COUNTY

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

	Proprietary
	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for services	\$ 3,100,464
Other operating receipts	2,017
Total Operating Cash Receipts	3,102,481
OPERATING CASH DISBURSEMENTS:	
Personal services	452,067
Contractual services	1,967,884
Material and supplies	236,192
Capital outlay	1,999,652
Total Operating Cash Disbursements	4,655,795
Operating Income	(1,553,314)
NON-OPERATING CASH RECEIPTS:	
Taxes	161,484
Other non-operating revenues	4,846
Interest	90,396
Total Non-Operating Cash Receipts	256,726
NON-OPERATING CASH DISBURSEMENTS:	
Debt service:	
Principal retirement	445,703
Interest and fiscal charges	130,294
Other non-operating disbursements	9,202
Total Non-operating Cash Disbursements	585,199
Net Cash Receipts Over Cash Disbursements	(1,881,787)
FUND CASH BALANCES, January 1, 2003	5,383,107
FUND CASH BALANCES, December 31, 2003	\$ 3,501,320
RESERVE FOR ENCUMBRANCES	\$ 358,922

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BREWSTER  
STARK COUNTY

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

	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>					
Taxes	\$ 78,756	\$ 69,973	\$ 0	\$ 592,227	\$ 740,956
Intergovernmental Revenue	128,098	79,560	0	0	207,658
Special Assessments	6,993	0	0	0	6,993
Charges For Services	0	76,622	0	0	76,622
Fines, Licenses and Permits	2,664	400	0	0	3,064
Interest	53,671	1,095	0	0	54,766
Miscellaneous	29,916	14,129	0	0	44,045
<b>Total Cash Receipts</b>	<b>300,098</b>	<b>241,779</b>	<b>0</b>	<b>592,227</b>	<b>1,134,104</b>
<b>CASH DISBURSEMENTS:</b>					
<b>Current:</b>					
Security of Persons	284,914	120,279	0	0	405,193
Public Health Services	6,674	0	0	0	6,674
Leisure Time Activities	0	8,191	0	0	8,191
Community Environment	1,142	0	0	0	1,142
Basic Utility Services	5,809	0	0	0	5,809
Transportation	24,078	109,214	0	0	133,292
General Government	160,273	25	0	11,555	171,853
Capital Outlay	38,507	362,008	37,092	0	437,607
<b>Total Cash Disbursements</b>	<b>521,397</b>	<b>599,717</b>	<b>37,092</b>	<b>11,555</b>	<b>1,169,761</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>(221,299)</b>	<b>(357,938)</b>	<b>(37,092)</b>	<b>580,672</b>	<b>(35,657)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Sale of Fixed Assets	0	2,496	0	0	2,496
Transfers - In	354,240	254,840	40,920	0	650,000
Transfers - Out	(104,000)	0	0	(576,000)	(680,000)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>250,240</b>	<b>257,336</b>	<b>40,920</b>	<b>(576,000)</b>	<b>(27,504)</b>
<b>Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>28,941</b>	<b>(100,602)</b>	<b>3,828</b>	<b>4,672</b>	<b>(63,161)</b>
<b>FUND CASH BALANCES, January 1, 2002</b>	<b>169,293</b>	<b>511,584</b>	<b>373,782</b>	<b>2,832</b>	<b>1,057,491</b>
<b>FUND CASH BALANCES, December 31, 2002</b>	<b>\$ 198,234</b>	<b>\$ 410,982</b>	<b>\$ 377,610</b>	<b>\$ 7,504</b>	<b>\$ 994,330</b>
<b>RESERVE FOR ENCUMBRANCES</b>	<b>\$ 0</b>	<b>\$ 1,053</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,053</b>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BREWSTER  
STARK COUNTY

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

	Proprietary
	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for services	\$ 3,245,897
OPERATING CASH DISBURSEMENTS:	
Personal services	413,578
Contractual services	2,134,872
Material and supplies	321,916
Capital outlay	259,344
Total Operating Cash Disbursements	3,129,710
Operating Income	116,187
NON-OPERATING CASH RECEIPTS:	
Taxes	162,363
Sale of Notes	2,300,000
Other non-operating revenues	1,473
Interest	12,888
Total Non-Operating Cash Receipts	2,476,724
NON-OPERATING CASH DISBURSEMENTS:	
Debt service:	
Principal retirement	280,003
Interest and fiscal charges	96,615
Other non-operating disbursements	7,290
Total Non-Operating Disbursements	383,908
Total Cash Receipts Over Cash Disbursements Before Interfund Transfers	2,209,003
Transfers-in	30,000
Net Cash Receipts Over Cash Disbursements	2,239,003
FUND CASH BALANCES, January 1, 2002	3,144,104
FUND CASH BALANCES, December 31, 2002	\$ 5,383,107
RESERVE FOR ENCUMBRANCES	\$ 174,764

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Brewster (the Village) 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 publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), police, fire and ambulance protection 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 Investments**

Certificates of deposit are valued at cost.

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

**D. Fund Accounting**

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

**General Fund**

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

**Special Revenue Funds**

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

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

*State Highway Improvement Fund* – This fund receives gasoline and license taxes and motor vehicle tax money for maintaining and repairing streets and sidewalks.

*Fire Equipment Fund* – This fund receives local tax monies and charges for services for the purpose of providing protection and purchasing equipment.

*Ambulance Equipment Fund*– This fund receives local tax monies and charges for services for the purpose of providing protection and purchasing equipment.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds).

Enterprise Funds

These funds are used to 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 water service.

*Sewer Fund* – This fund receives charges for services from residents to cover the cost of providing sewer service.

*Electric Fund* – This fund receives charges for services from residents to cover the cost of providing electric service.

Fiduciary Funds (Trust 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 non-expendable trust fund. Other trust funds are classified as expendable. The Village had the following significant expendable trust fund:

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Income Tax Fund* – This fund is used to record the collection of self-assessed taxes, the cost of collecting such tax and the distribution (interfund transfers) to various other funds in accordance with Village ordinances.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village 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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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**NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2002</u>	<u>2003</u>
Demand deposits	\$ 3,668,374	\$ 1,683,057
Certificates of deposit	<u>2,709,063</u>	<u>2,775,895</u>
Total deposits	<u>\$ 6,377,437</u>	<u>\$ 4,458,952</u>

**Deposits**

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

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 is as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 830,211	\$ 574,827	\$ (255,384)
Special Revenue	548,116	527,760	(20,356)
Capital Projects	30,000	55,470	25,470
Enterprise	3,669,780	3,359,207	(310,573)
Expendable Trust	593,100	571,869	(21,231)
 Total	 <u>\$ 5,671,207</u>	 <u>\$ 5,089,133</u>	 <u>\$ (582,074)</u>

2003 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,028,291	\$ 610,166	\$ 418,125
Special Revenue	957,549	546,227	411,322
Capital Projects	407,610	39,958	367,652
Enterprise	9,052,888	5,599,916	3,452,972
Expendable Trust	602,303	575,673	26,630
 Total	 <u>\$12,048,641</u>	 <u>\$ 7,371,940</u>	 <u>\$ 4,676,701</u>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

**NOTE 3: BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 897,557	\$ 654,338	\$ (243,219)
Special Revenue	454,624	499,115	44,491
Capital Projects	100,000	40,920	(59,080)
Enterprise	5,714,000	5,752,621	38,621
Expendable Trust	588,100	592,227	4,127
 Total	 <u>\$ 7,754,281</u>	 <u>\$ 7,539,221</u>	 <u>\$ (215,060)</u>

2002 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,062,186	\$ 625,397	\$ 436,789
Special Revenue	969,171	600,770	368,401
Capital Projects	473,782	37,092	436,690
Enterprise	8,858,103	3,688,382	5,169,721
Expendable Trust	591,088	587,555	3,533
 Total	 <u>\$ 11,954,330</u>	 <u>\$ 5,539,196</u>	 <u>\$ 6,415,134</u>

**NOTE 4: PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual 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.

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

NOTE 4: PROPERTY TAX (Continued)

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

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

NOTE 5: LONG-TERM DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loans	\$ 1,391,760	5.20%, 4.16%, 4.12%
OPWC Loans	<u>636,686</u>	0%
Total	<u>\$ 2,028,446</u>	

The Village obtained three Ohio Water Development Authority project loans for the purpose of building three aeration tanks, two equalization tanks, and making improvements to the chlorine tank and improvements for water pollution control. The Ohio Public Works Commission project loans are for the purpose of improving the pumping stations. The OWDA loans will be repaid in semiannual installments with interest, over 20 years and the OPWC loans will be repaid in semiannual installments with no interest over 20 and 15 years.

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

<u>Year Ending December 31:</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2004	\$ 191,035	\$ 66,882
2005	191,035	66,882
2006	191,035	66,882
2007	191,035	66,882
2008	191,035	66,883
2009 – 2013	661,623	220,681
2014 – 2018	132,776	77,749
2019 – 2020	<u>0</u>	<u>3,845</u>
Total	<u>\$ 1,749,574</u>	<u>\$ 636,686</u>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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**NOTE 6: NOTE DEBT**

The Village's note activity, including amount outstanding, interest rate, and the purpose for which the note was issued is as follows:

	<u>Outstanding 01/01/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/02</u>
1.35% Municipal Electric	\$ <u>440,000</u>	\$ <u>2,300,000</u>	\$ <u>100,000</u>	\$ <u>2,640,000</u>

	<u>Outstanding 01/01/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/03</u>
1.35% Municipal Electric	\$ <u>2,640,000</u>	\$ <u>0</u>	\$ <u>260,000</u>	\$ <u>2,380,000</u>

The note is backed by the full faith and credit of the Village. The note has a term of one year. The note was originally issued in 2001 and has been renewed annually to maintain the lowest possible interest rate. This loan may be converted to long-term financing if interest rates fluctuate to a higher percentage. Although the Village is not required to make principal payments for the first five years, they have chosen to do so. The administrator of the loan, AMP-Ohio, advises them the amount to pay on principal so as the Village still meets the required debt covenant ratio. The note debt is required to be paid off in 2023.

**NOTE 7: RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002 members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. In 2002 and 2003, the Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

**NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Village's enterprise fund account for the provision of water, waste water, electric, and utility deposits. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise funds of the Village of Brewster as of and for the year December 31, 2003 and 2002:

	<u>2003 Segment Information</u>				
	WATER	SANITARY SEWER	ELECTRIC	SERVICE DEPOSIT	TOTAL ENTERPRISE
<b>REVENUES:</b>					
Charges For Services	\$ 223,649	\$ 531,236	\$ 2,337,519	\$ 8,060	\$ 3,100,464
Miscellaneous	973	1,044	0	0	2,017
Total Operating Revenues	<u>224,622</u>	<u>532,280</u>	<u>2,337,519</u>	<u>8,060</u>	<u>3,102,481</u>
<b>EXPENDITURES:</b>					
Personal Services	101,292	111,609	239,166	0	452,067
Travel Transportation	0	0	0	0	0
Contractual Services	17,212	54,995	1,895,677	0	1,967,884
Supplies and Materials	45,191	126,771	64,230	0	236,192
Capital Outlay	139,301	12,366	1,847,985	0	1,999,652
Total Operating Expenses	<u>302,996</u>	<u>305,741</u>	<u>4,047,058</u>	<u>0</u>	<u>4,655,795</u>
Operating Income/(Loss)	(78,374)	226,539	(1,709,539)	8,060	(1,553,314)
Local Taxes	0	0	161,484	0	161,484
Intergovernmental Revenues	0	0	0	0	0
Sale of Notes	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0
Other Non-Operating Revenues	4,846	0	0	0	4,846
Interest	0	0	90,396	0	90,396
Total Non-Operating Revenues	<u>4,846</u>	<u>0</u>	<u>251,880</u>	<u>0</u>	<u>256,726</u>
Debt Service	47,415	210,502	318,080	0	575,997
Other Non-Operating Expenses	0	0	0	9,202	9,202
Total Non-Operating Expense	<u>47,415</u>	<u>210,502</u>	<u>318,080</u>	<u>9,202</u>	<u>585,199</u>
Total Revenue Over Expenses	(120,943)	16,037	(1,775,739)	(1,142)	(1,881,787)
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Net Revenues Over Expenses	<u>(120,943)</u>	<u>16,037</u>	<u>(1,775,739)</u>	<u>(1,142)</u>	<u>(1,881,787)</u>
Fund Cash Balances, JANUARY 1	<u>269,705</u>	<u>188,458</u>	<u>4,891,968</u>	<u>32,976</u>	<u>5,383,107</u>
Fund Cash Balances, DECEMBER 31	<u>\$ 148,762</u>	<u>\$ 204,495</u>	<u>\$ 3,116,229</u>	<u>\$ 31,834</u>	<u>\$ 3,501,320</u>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

**NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

2002 Segment Information

	WATER	SANITARY SEWER	ELECTRIC	SERVICE DEPOSIT	TOTAL ENTERPRISE
<b>REVENUES:</b>					
Charges For Services	\$ 224,538	\$ 571,733	\$ 2,546,004	\$ 9,610	\$ 3,351,885
Miscellaneous	0	0	0	0	0
Total Operating Revenues	<u>224,538</u>	<u>571,733</u>	<u>2,546,004</u>	<u>9,610</u>	<u>3,351,885</u>
<b>EXPENDITURES:</b>					
Personal Services	97,516	107,611	208,451	0	413,578
Travel Transportation	0	0	0	0	0
Contractual Services	18,432	37,998	2,268,361	0	2,324,791
Supplies and Materials	38,911	237,326	45,679	0	321,916
Capital Outlay	110,727	110,638	37,980	0	259,345
Total Operating Expenses	<u>265,586</u>	<u>493,573</u>	<u>2,560,471</u>	<u>0</u>	<u>3,319,630</u>
Operating Income/(Loss)	(41,048)	78,160	(14,467)	9,610	32,255
Local Taxes	0	0	83,932	0	83,932
Intergovernmental Revenues	0	0	0	0	0
Sale of Notes	0	0	2,300,000	0	2,300,000
Sale of Fixed Assets	0	0	0	0	0
Other Non-Operating Revenues	1,473	0	0	0	1,473
Interest	0	0	12,888	0	12,888
Total Non-Operating Revenues	<u>1,473</u>	<u>0</u>	<u>2,396,820</u>	<u>0</u>	<u>2,398,293</u>
Debt Service	47,415	210,502	118,700	0	376,617
Other Non-Operating Expenses	0	0	0	7,290	7,290
Total Non-Operating Expense	<u>47,415</u>	<u>210,502</u>	<u>118,700</u>	<u>7,290</u>	<u>383,907</u>
Total Revenue Over Expenses	(86,990)	(132,342)	2,263,653	2,320	2,046,641
Transfers In	0	0	192,363	0	192,363
Transfers Out	0	0	0	0	0
Net Revenues Over Expenses	(86,990)	(132,342)	2,456,016	2,320	2,239,004
Fund Cash Balances, JANUARY 1	<u>356,695</u>	<u>320,800</u>	<u>2,435,952</u>	<u>30,656</u>	<u>3,144,103</u>
Fund Cash Balances, DECEMBER 31	<u>\$ 269,705</u>	<u>\$ 188,458</u>	<u>\$ 4,891,968</u>	<u>\$ 32,976</u>	<u>\$ 5,383,107</u>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2003**

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NOTE 9: RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine
- General liability
- Public officials' liability
- Employers liability
- Employee benefits liability

The Village also provides health insurance and dental coverage to full-time employees through the Aultcare Benefit Plan.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 13, 2004

Village Council  
Village of Brewster  
Brewster, OH 44613

## Report of Independent Accountant's on Compliance and on Internal Control Required by *Government Auditing Standards*

We have audited the financial statements of the Village of Brewster (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 13, 2004. 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 April 13, 2004.

### 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 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 the management of the Village in a separate letter dated April 13, 2004.

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

*Rea & Associates, Inc.*

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**Auditor of State  
Betty Montgomery**

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

**VILLAGE OF BREWSTER**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 3, 2004**