

**VILLAGE OF BREWSTER**



**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**Rea & Associates, Inc.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**VILLAGE OF BREWSTER**



**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 20, 2000

VILLAGE OF BREWSTER  
STARK COUNTY

DECEMBER 31, 1999 AND 1998

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**Rea & Associates, Inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

May 1, 2000

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, 1999 and 1998, 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 audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village 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 of Brewster as of December 31, 1999 and 1998, 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 May 1, 2000 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.*

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

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, 1999

	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>					
Taxes	\$ 68,222	\$ 68,519	\$ 0	\$ 482,689	\$ 619,430
Intergovernmental Revenue	146,280	75,648	146,077	0	368,005
Special Assessments	8,820	0	0	0	8,820
Charges For Services	0	52,766	0	0	52,766
Fines, Licenses and Permits	2,183	683	0	0	2,866
Interest	137,865	2,441	0	0	140,306
Miscellaneous	27,661	885	0	12	28,558
<b>Total Cash Receipts</b>	<b>391,031</b>	<b>200,942</b>	<b>146,077</b>	<b>482,701</b>	<b>1,220,751</b>
<b>CASH DISBURSEMENTS:</b>					
<b>Current:</b>					
Security of Persons	240,474	58,686	0	0	299,160
Public Health Services	6,237	0	0	0	6,237
Leisure Time Activities	0	12,910	0	0	12,910
Community Environment	1,205	0	0	0	1,205
Basic Utility Services	3,830	0	0	0	3,830
Transportation	22,920	109,794	0	0	132,714
General Government	144,954	0	0	7,585	152,539
Capital Outlay	94,836	385,759	211,264	0	691,859
<b>Total Cash Disbursements</b>	<b>514,456</b>	<b>567,149</b>	<b>211,264</b>	<b>7,585</b>	<b>1,300,454</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>(123,425)</b>	<b>(366,207)</b>	<b>(65,187)</b>	<b>475,116</b>	<b>(79,703)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Transfers - In	280,440	207,840	140,520	0	628,800
Transfers - Out	(172,800)	0	0	(456,000)	(628,800)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>107,640</b>	<b>207,840</b>	<b>140,520</b>	<b>(456,000)</b>	<b>0</b>
<b>Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(15,785)</b>	<b>(158,367)</b>	<b>75,333</b>	<b>19,116</b>	<b>(79,703)</b>
<b>FUND CASH BALANCES, January 1, 1999</b>	<b>176,231</b>	<b>456,187</b>	<b>150,000</b>	<b>7,393</b>	<b>789,811</b>
<b>FUND CASH BALANCES, December 31, 1999</b>	<b>\$ 160,446</b>	<b>\$ 297,820</b>	<b>\$ 225,333</b>	<b>\$ 26,509</b>	<b>\$ 710,108</b>
<b>RESERVE FOR ENCUMBRANCES</b>	<b>\$ 0</b>	<b>\$ 34,871</b>	<b>\$ 43,566</b>	<b>\$ 0</b>	<b>\$ 78,437</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, 1999

	Proprietary
	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for services	\$ 3,255,214
OPERATING CASH DISBURSEMENTS:	
Personal services	346,457
Contractual services	1,910,542
Material and supplies	220,911
Capital outlay	115,149
Total Operating Cash Disbursements	2,593,059
Operating Income	662,155
NON-OPERATING CASH DISBURSEMENTS:	
Debt service:	
Principal retirement	162,557
Interest and fiscal charges	93,394
Other non-operating disbursements	7,960
Total Non-operating Cash Disbursements	263,911
Net Cash Receipts Over Cash Disbursements	398,244
FUND CASH BALANCES, January 1, 1999	2,202,063
FUND CASH BALANCES, December 31, 1999	\$ 2,600,307
RESERVE FOR ENCUMBRANCES	\$ 5,642

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, 1998

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>						
Taxes	\$ 66,030	\$ 66,935	\$ 0	\$ 0	\$ 430,935	\$ 563,900
Intergovernmental Revenue	172,557	142,466	0	0	0	315,023
Special Assessments	9,121	0	0	0	0	9,121
Charges For Services	0	41,960	0	0	0	41,960
Fines, Licenses and Permits	4,068	818	0	0	0	4,886
Interest	135,239	2,393	0	0	0	137,632
Miscellaneous	24,970	1,252	0	0	12	26,234
<b>Total Cash Receipts</b>	<b>411,985</b>	<b>255,824</b>	<b>0</b>	<b>0</b>	<b>430,947</b>	<b>1,098,756</b>
<b>CASH DISBURSEMENTS:</b>						
<b>Current:</b>						
Security of Persons	229,782	44,984	0	0	0	274,766
Public Health Services	6,095	0	0	0	0	6,095
Leisure Time Activities	0	5,616	0	0	0	5,616
Community Environment	1,105	0	0	0	0	1,105
Basic Utility Services	3,838	0	0	0	0	3,838
Transportation	19,649	91,138	0	0	0	110,787
General Government	145,057	0	0	0	6,318	151,375
Capital Outlay	121,377	280,622	0	0	0	401,999
<b>Debt Service:</b>						
Principal	0	0	157,911	0	0	157,911
Interest	0	0	98,106	0	0	98,106
<b>Total Cash Disbursements</b>	<b>526,903</b>	<b>422,360</b>	<b>256,017</b>	<b>0</b>	<b>6,318</b>	<b>1,211,598</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>(114,918)</b>	<b>(166,536)</b>	<b>(256,017)</b>	<b>0</b>	<b>424,629</b>	<b>(112,842)</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>						
Transfers - In	269,760	186,330	258,528	150,000	0	864,618
Transfers - Out	(205,200)	0	(88,752)	0	(423,000)	(716,952)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>64,560</b>	<b>186,330</b>	<b>169,776</b>	<b>150,000</b>	<b>(423,000)</b>	<b>147,666</b>
<b>Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(50,358)</b>	<b>19,794</b>	<b>(86,241)</b>	<b>150,000</b>	<b>1,629</b>	<b>34,824</b>
<b>FUND CASH BALANCES, January 1, 1998</b>	<b>226,589</b>	<b>436,393</b>	<b>86,241</b>	<b>0</b>	<b>5,764</b>	<b>754,987</b>
<b>FUND CASH BALANCES, December 31, 1998</b>	<b>\$ 176,231</b>	<b>\$ 456,187</b>	<b>\$ 0</b>	<b>\$ 150,000</b>	<b>\$ 7,393</b>	<b>\$ 789,811</b>
<b>RESERVE FOR ENCUMBRANCES</b>	<b>\$ 3,975</b>	<b>\$ 10,241</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,216</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, 1998

	Proprietary
	Enterprise Funds
OPERATING CASH RECEIPTS:	
Charges for services	\$ 2,875,589
OPERATING CASH DISBURSEMENTS:	
Personal services	323,536
Contractual services	1,684,647
Material and supplies	199,532
Capital outlay	218,249
Total Operating Cash Disbursements	2,425,964
Operating Income	449,625
NON-OPERATING CASH DISBURSEMENTS:	
Other non-operating disbursements	11,000
Total Cash Receipts Over Cash Disbursements Before Interfund Transfers	438,625
Transfers-in	145,326
Transfers-out	(292,992)
Net Cash Receipts Over Cash Disbursements	290,959
FUND CASH BALANCES, January 1, 1998	1,911,104
FUND CASH BALANCES, December 31, 1998	\$ 2,202,063
RESERVE FOR ENCUMBRANCES	\$ 9,805

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, 1999

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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, 1999

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

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. These funds were closed out in 1998, therefore, they are not reported in 1999.

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:

*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 Village ordinances.

VILLAGE OF BREWSTER  
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999

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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, function or object 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 1999 and 1998 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.

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>1999</u>	<u>1998</u>
Demand deposits	\$2,935,435	\$2,616,894
Certificates of deposit	<u>374,980</u>	<u>374,980</u>
Total deposits	<u>\$3,310,415</u>	<u>\$2,991,874</u>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999**

Deposits

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

**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 is as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 640,000	\$ 671,471	\$ 31,471
Special Revenue	353,300	408,782	55,482
Capital Projects	287,317	286,597	(720)
Enterprise	3,383,000	3,255,214	(127,786)
Expendable Trust	458,800	482,701	23,901
<b>Total</b>	<b><u>\$ 5,122,417</u></b>	<b><u>\$ 5,104,765</u></b>	<b><u>\$ (17,652)</u></b>

1999 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 812,256	\$ 687,256	\$ 125,000
Special Revenue	799,247	602,020	197,227
Capital Projects	437,317	254,830	182,487
Enterprise	5,211,258	2,862,612	2,348,646
Expendable Trust	427,493	463,585	(36,092)
<b>Total</b>	<b><u>\$ 7,687,571</u></b>	<b><u>\$ 4,870,303</u></b>	<b><u>\$ 2,817,268</u></b>

**VILLAGE OF BREWSTER  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999**

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 690,000	\$ 681,745	\$ (8,255)
Special Revenue	432,080	442,154	10,074
Debt Service	266,181	258,528	(7,653)
Capital Projects	150,000	150,000	0
Enterprise	2,720,900	3,020,915	300,015
Expendable Trust	426,100	430,947	4,847
<b>Total</b>	<b>\$ 4,685,261</b>	<b>\$ 4,984,289</b>	<b>\$ 299,028</b>

1998 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 814,178	\$ 736,078	\$ 78,100
Special Revenue	811,952	432,601	379,351
Debt Service	374,532	344,769	29,763
Capital Projects	150,000	0	150,000
Enterprise	4,623,708	2,739,761	1,883,947
Expendable Trust	400,865	429,318	(28,453)
<b>Total</b>	<b>\$ 7,175,235</b>	<b>\$ 4,682,527</b>	<b>\$ 2,492,708</b>

During 1998 and 1999 the Village's expenditures exceeded appropriations in the expendable trust income tax fund, contrary to Ohio Rev. Code Section 5705.41(B).

**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, 1999**

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: DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loans	\$ 1,833,929	5.20%, 4.16%, 4.12%
OPWC Loans	863,841	0%
Total	<u>\$ 2,697,770</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>
2000	\$ 191,035	\$ 64,960
2001	191,035	64,959
2002	191,035	64,960
2003	191,035	64,959
2004	191,035	64,960
Subsequent	1,558,539	539,043
Total	<u>\$ 2,513,714</u>	<u>\$ 863,841</u>

VILLAGE OF BREWSTER  
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999

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NOTE 6: 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 1999 and 1998 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. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

NOTE 7: 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.



May 1, 2000

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, 1999 and 1998, and have issued our report thereon dated May 1, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village'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*.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 1, 2000.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements.

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

Reportable Condition

Posting Supplemental Appropriations

The Village does analyze their budgeted revenues and expenditures versus actual amounts throughout the year. However, a system to assure council formally acts on appropriation changes is not in place. As a result, 1999 appropriation changes were posted to the accounting records without Council's formal action to approve appropriation changes.

We recommend the Village Clerk obtain Council's formal approval prior to posting appropriation modifications into their accounting system. The Assistant Clerk should trace all budget modifications to ordinances and resolutions passed by the Council to assure the accuracy of the budgeted amounts posted to the accounting system.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also 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 May 1, 2000.

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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OFFICE OF THE AUDITOR

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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.

By: Susan Babbitt

Date: AUGUST 15, 2000