



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BREWSTER
STARK COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Brewster
Stark County
302 South Wabash Avenue
Brewster, Ohio 44613

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Brewster, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2025

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Village of Brewster, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$110,144	\$129,598	\$0	\$0	\$0	\$239,742
Municipal Income Tax	937,614	625,614	264,000	48,000	0	1,875,228
Intergovernmental	139,705	280,052	0	1,068,909	0	1,488,666
Special Assessments	3,580	0	0	0	0	3,580
Charges for Services	0	399,235	0	9,655	0	408,890
Fines, Licenses and Permits	943	550	0	0	0	1,493
Earnings on Investments	187,092	7,247	0	0	454	194,793
Miscellaneous	42,124	35,820	0	35,000	0	112,944
<i>Total Cash Receipts</i>	<i>1,421,202</i>	<i>1,478,116</i>	<i>264,000</i>	<i>1,161,564</i>	<i>454</i>	<i>4,325,336</i>
Cash Disbursements						
Current:						
Security of Persons and Property	676,786	739,745	0	0	0	1,416,531
Public Health Services	8,524	20,410	0	0	0	28,934
Leisure Time Activities	101,139	0	0	0	0	101,139
Community Environment	6,100	0	0	0	0	6,100
Basic Utility Services	5,146	0	0	0	0	5,146
Transportation	33,138	249,999	0	0	0	283,137
General Government	259,567	6,345	0	0	0	265,912
Capital Outlay	135,212	625,248	0	1,383,920	0	2,144,380
Debt Service:						
Principal Retirement	0	0	214,973	953	0	215,926
Interest and Fiscal Charges	0	0	44,115	0	0	44,115
<i>Total Cash Disbursements</i>	<i>1,225,612</i>	<i>1,641,747</i>	<i>259,088</i>	<i>1,384,873</i>	<i>0</i>	<i>4,511,320</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>195,590</i>	<i>(163,631)</i>	<i>4,912</i>	<i>(223,309)</i>	<i>454</i>	<i>(185,984)</i>
Other Financing Receipts (Disbursements)						
Transfers In	0	93,885	0	109,554	0	203,439
Transfers Out	(203,439)	0	0	0	0	(203,439)
Advances In	0	2,000	0	0	0	2,000
Advances Out	(2,000)	0	0	0	0	(2,000)
Other Financing Sources	212	0	0	0	735	947
Other Financing Uses	0	(6,340)	0	0	0	(6,340)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(205,227)</i>	<i>89,545</i>	<i>0</i>	<i>109,554</i>	<i>735</i>	<i>(5,393)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(9,637)</i>	<i>(74,086)</i>	<i>4,912</i>	<i>(113,755)</i>	<i>1,189</i>	<i>(191,377)</i>
<i>Fund Cash Balances, January 1</i>	<i>523,589</i>	<i>1,554,697</i>	<i>264,000</i>	<i>490,232</i>	<i>18,970</i>	<i>2,851,488</i>
<i>Fund Cash Balances, December 31</i>	<i>\$513,952</i>	<i>\$1,480,611</i>	<i>\$268,912</i>	<i>\$376,477</i>	<i>\$20,159</i>	<i>\$2,660,111</i>

See accompanying notes to the basic financial statements

Village of Brewster, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary Fund Types
For the Year Ended December 31, 2023

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$6,034,349
Fines, Licenses and Permits	4,994
Miscellaneous	<u>43,792</u>
<i>Total Operating Cash Receipts</i>	<u>6,083,135</u>
Operating Cash Disbursements	
Personal Services	1,226,143
Contractual Services	3,910,501
Supplies and Materials	<u>410,313</u>
<i>Total Operating Cash Disbursements</i>	<u>5,546,957</u>
<i>Operating Income (Loss)</i>	<u>536,178</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	809
Other Debt Proceeds	180,316
Sale of Capital Assets	82,517
Capital Outlay	(1,439,329)
Principal Retirement	(344,949)
Interest and Other Fiscal Charges	(2,696)
Other Financing Sources	9,329
Other Financing Uses	<u>(10,665)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,524,668)</u>
<i>Net Change in Fund Cash Balances</i>	(988,490)
<i>Fund Cash Balances, January 1</i>	<u>5,449,022</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,460,532</u>

See accompanying notes to the basic financial statements

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Brewster, Stark County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services such as water, sewer, and electric utilities, and police, fire, and ambulance protective services. The Village contracts with Local Organized Governments in Cooperation (LOGIC) RED Center Operations for dispatch services.

Joint Venture

The Village participates in the Ohio Municipal Electric Generation Agency (OMEGA), a joint venture. Note 11 to the financial statements provides additional information for this entity.

Jointly Governed Organizations

The Village participates in the Stark Council of Governments (SCOG), Stark Regional Planning Commission, and Municipal Energy Services Agency (MESA), all jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

Public Entity Risk Pool

The Village participates in the Stark County Schools Council of Governments, a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fire Operations Fund The fire operations fund accounts for and reports the receipt of property and other local taxes, charges for services, intergovernmental monies and other miscellaneous receipts restricted for the purpose of providing fire protection services and purchasing fire equipment within the Village.

Police Income Tax Fund The police income tax fund accounts for and reports the receipt of municipal income taxes and miscellaneous receipts restricted for the purpose of providing security and protection services to the citizens of the Village.

Street Improvement Fund The street improvement fund accounts for and reports the receipt of municipal income taxes restricted for the purpose of construction, maintenance, and repair of streets within the Village.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Fire Debt Fund The fire debt fund accounts for and reports the receipt of municipal income taxes restricted for the purpose of repaying debt obligations for the Village fire department.

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

Capital Construction Projects The capital construction projects fund accounts for and reports the receipts of federal and state grants restricted for the purpose of funding construction projects.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the unexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

Electric Fund The electric fund accounts for and reports the receipt of charges for services, and other miscellaneous receipts from residents to cover the cost of providing electric service.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Nonnegotiable certificates of deposit are valued at cost.

Capital Assets

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$2,026 are reflected as intergovernmental revenue in the OneOhio Opioid Settlement Special Revenue Fund in the accompanying financial statements.

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,645,196	\$ 1,421,414	\$ (223,782)
Special Revenue	1,588,029	1,574,001	(14,028)
Debt Service	264,000	264,000	-
Capital Projects	1,729,401	1,271,118	(458,283)
Permanent	1,550	1,190	(360)
Enterprise	6,905,541	6,356,106	(549,435)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,168,786	\$ 1,441,287	\$ 727,499
Special Revenue	3,140,726	1,724,283	1,416,443
Debt Service	528,000	259,088	268,912
Capital Projects	2,159,633	1,384,873	774,760
Permanent	20,520	-	20,520
Enterprise	12,354,562	8,236,636	4,117,926

Note 4 – Deposits and Investments

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

	2023
Demand deposits	\$ 387,070
Certificates of deposit	19,391
Money market	503,195
Total deposits	<u>909,656</u>
STAR Ohio	34,987
CDARS	6,176,000
Total investments	<u>6,210,987</u>
Total deposits and investments	<u>\$7,120,643</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village had \$31,928 unremitted employee payroll withholdings.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a 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.

Note 6 – Risk Management

Workers' Compensation

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Commercial inland marine
- General liability
- Public officials' liability
- Employers' liability
- Employee benefits liability

Settled claims have not exceeded insurance coverage in any of the past three years. Coverage limits for the crime policy increased from \$250,000 to \$1,000,000, all other coverages have not changed significantly from last year.

During 2023, the Village elected to use the Stark County Schools Council of Governments (the COG), a public entity risk pool, to provide health, dental, vision and life insurance to qualified employees. Information for this entity can be obtained from the COG's fiscal officer.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Retirement System (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (continued)

Social Security

The Village's firefighters contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefit

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OWDA #5277	\$ 15,250	0.00%
OWDA #6691	2,927,507	0.00%
OWDA #9995	135,376	3.20%
Commercial & Savings Bank Loan	1,181,070	3.16%
OPWC CS03X	148,046	0.00%
OPWC CT83Z	48,098	0.00%
OPWC CS07Y	<u>59,584</u>	0.00%
Total	<u>\$4,514,931</u>	

The above outstanding debt does not include the OMEGA JV5 obligations. The Village paid a total of \$70,572 in debt service payments for the OMEGA JV5 obligations during 2023. No amortization schedule is available for these obligations.

In 2009, the Village received loan #5277 from the Ohio Development Water Authority (OWDA) for water improvements for the Hillview Mobile Home Park. During 2010, the Village received a grant which was used to repay a portion of the loan. The remainder of the loan is being paid by the Village in semi-annual payments from user charges.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

In 2013, the Village received loan #6691 from the Ohio Developmental Water Authority (OWDA) for water improvements for the Kings Highway Pump Station Relocation. The loan is being paid by the Village in semi-annual payments from user charges of sewer services.

In 2020, the Village received a loan from the Commercial & Savings Bank to expand the fire station. The loan is being paid by the Village in annual payments

In 2021, the Village received a loan from the Ohio Public Works Commission to advance the Jefferson Avenue Sanitary Sewer Main Replacement. The loan is being paid by the Village on annual payments over twenty years.

In 2022, the Village received a loan from the Ohio Public Works Commission for the Brewster Water Treatment Facility Filter Rehabilitation & Media Replacement. The loan is being paid by the Village on annual payments over 20 years.

In 2023, the Village received a loan from the Ohio Public Works Commission for the Tuscarawas Locustdale Pinewood Water Line Replacement. The loan is being paid by the Village on annual payments over 20 years.

In 2023, the Village received loan #9995 from the Ohio Developmental Water Authority (OWDA) for the Tuscarawas Locustdale Pinewood Water Line Replacement. No amortization schedule is currently available for this loan.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Commercial & Savings Bank Loan
2024	6,913	127,760	259,088
2025	13,828	255,519	259,088
2026	13,828	255,519	259,088
2027	13,828	255,519	259,088
2028	13,828	255,519	259,090
2029-2033	69,136	1,277,595	-
2034-2038	69,137	513,897	-
2039-2043	55,230	1,429	-
Total	<u>\$ 255,728</u>	<u>\$ 2,942,757</u>	<u>\$ 1,295,442</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Contingent Liabilities (continued)

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

Note 11 – Joint Venture

OMEGA JV5 (latest information available)

The Village of Brewster is a Financing Participant with an ownership percentage of .79%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Brewster has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Joint Venture (continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued 2016 Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$23,690 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

OMEGA JV2 (latest information available)

The Village of Brewster is a Non-Financing Participant and an Owner Participant with an ownership percentage of .75% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project Shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. The Village's net investment in OMEGA JV2 was \$24,012 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Joint Venture (continued)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The Village's net investment in OMEGA JV2 was (\$7,743) at December 31, 2022. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2022 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Jointly Governed Organizations

Stark Council of Governments

The Village participates in Stark Council of Governments (the Council), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and Villages with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

Stark County Regional Planning Commission

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County and other villages and cities. The principal aim of the Commission is to provide comprehensive planning, both long- and short-term range, dealing with economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

Municipal Energy Services Agency

The Municipal Energy Services Agency (MESA) is a jointly governed organization among the Village and approximately thirty other municipal electric systems. MESA was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training and other technical aspects of the operation and maintenance of municipal electric and other utility systems. The continued existence of MESA is not dependent on the Village's continued participation and the Village does not have an equity interest in or financial responsibility for MESA. MESA has no outstanding debt.

Note 13 – American Municipal Power Generating Station Project (latest information available)

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 4,276 kilowatts of a total 771,281 kilowatts, giving the Village a .55% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("AMPGS"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("Bechtel"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – American Municipal Power Generating Station Project (continued)

As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (“AMPGS Participants”) voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2023, the Village’s allocated share of the stranded costs recoverable from the AMPGS Participants is \$5,577.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable				
Unclaimed Monies	\$2,862	\$ -	\$ -	\$ 2,862
Corpus	-	-	19,635	19,635
Outstanding Encumbrances	10,236	76,196	-	86,432
<i>Total</i>	<u>13,098</u>	<u>76,196</u>	<u>\$ 19,635</u>	<u>\$ 108,929</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Transfers

During 2023, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund, the Police Car and Equipment Fund, the Parks and Grounds Fund, the Recreation Fund, the Street Equipment Fund, the Street Resurfacing Fund, the Capital Projects Fund and the Sidewalk Capital Improvement Fund. All transfers were made in accordance with the Ohio Revised Code.

Note 16 – Advances

During 2023, an advance was made from the General Fund to the Police Training Fund. This advance was made in accordance with the Ohio Revised Code.

Village of Brewster, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$104,087	\$126,069	\$0	\$0	\$0	\$230,156
Municipal Income Tax	974,748	662,722	264,000	48,000	0	1,949,470
Intergovernmental	137,142	333,231	0	79,985	0	550,358
Special Assessments	2,258	0	0	0	0	2,258
Charges for Services	0	343,169	0	82,771	0	425,940
Fines, Licenses and Permits	675	423	0	0	0	1,098
Earnings on Investments	56,330	1,416	0	0	45	57,791
Miscellaneous	27,478	5,705	0	205	0	33,388
<i>Total Cash Receipts</i>	<i>1,302,718</i>	<i>1,472,735</i>	<i>264,000</i>	<i>210,961</i>	<i>45</i>	<i>3,250,459</i>
Cash Disbursements						
Current:						
Security of Persons and Property	652,681	587,395	0	0		1,240,076
Public Health Services	8,200	19,428	0	0		27,628
Leisure Time Activities	88,883	0	0	0		88,883
Community Environment	8,276	0	0	0		8,276
Basic Utility Services	5,161	0	0	0		5,161
Transportation	31,148	223,597	0	0		254,745
General Government	229,184	(9,675)	0	0		219,509
Capital Outlay	68,819	483,151	0	324,246		876,216
Debt Service:						
Principal Retirement	0	43,695	164,694	953		209,342
Interest and Fiscal Charges	0	50,700	0	0		50,700
<i>Total Cash Disbursements</i>	<i>1,092,352</i>	<i>1,398,291</i>	<i>164,694</i>	<i>325,199</i>	<i>0</i>	<i>2,980,536</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>210,366</i>	<i>74,444</i>	<i>99,306</i>	<i>(114,238)</i>	<i>45</i>	<i>269,923</i>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	4,598	0	0	0	0	4,598
Transfers In	0	97,474	0	50,990	0	148,464
Transfers Out	(148,464)	0	0	0	0	(148,464)
Other Financing Sources	0	0	0	0	720	720
Other Financing Uses	(7,460)	(4,933)	0	0	0	(12,393)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(151,326)</i>	<i>92,541</i>	<i>0</i>	<i>50,990</i>	<i>720</i>	<i>(7,075)</i>
<i>Net Change in Fund Cash Balances</i>	<i>59,040</i>	<i>166,985</i>	<i>99,306</i>	<i>(63,248)</i>	<i>765</i>	<i>262,848</i>
<i>Fund Cash Balances, January 1</i>	<i>464,549</i>	<i>1,387,712</i>	<i>164,694</i>	<i>553,480</i>	<i>18,205</i>	<i>2,588,640</i>
<i>Fund Cash Balances, December 31</i>	<i>\$523,589</i>	<i>\$1,554,697</i>	<i>\$264,000</i>	<i>\$490,232</i>	<i>\$18,970</i>	<i>\$2,851,488</i>

See accompanying notes to the basic financial statements

Village of Brewster, Ohio
Stark County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary Fund Types
For the Year Ended December 31, 2022

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$5,734,462
Fines, Licenses and Permits	17,501
Miscellaneous	<u>14,315</u>
<i>Total Operating Cash Receipts</i>	<u>5,766,278</u>
Operating Cash Disbursements	
Personal Services	1,160,636
Contractual Services	3,536,401
Supplies and Materials	<u>489,321</u>
<i>Total Operating Cash Disbursements</i>	<u>5,186,358</u>
<i>Operating Income (Loss)</i>	<u>579,920</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	13,709
Other Debt Proceeds	62,720
Capital Outlay	(597,765)
Principal Retirement	(333,454)
Other Financing Sources	9,349
Other Financing Uses	<u>(8,076)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(853,517)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(273,597)</u>
<i>Fund Cash Balances, January 1</i>	<u>5,722,619</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,449,022</u>

See accompanying notes to the basic financial statements

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Brewster, Stark County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services such as water, sewer, and electric utilities, and police, fire, and ambulance protective services. The Village contracts with Local Organized Governments in Cooperation (LOGIC) RED Center Operations for dispatch services.

Joint Venture

The Village participates in the Ohio Municipal Electric Generation Agency (OMEGA), a joint venture. Note 12 to the financial statements provides additional information for this entity.

Jointly Governed Organizations

The Village participates in the Stark Council of Governments (SCOG), Stark Regional Planning Commission and Municipal Energy Services Agency (MESA), all jointly governed organizations. Note 13 to the financial statements provides additional information for these entities.

Public Entity Risk Pool

The Village participates in the Stark County Schools Council of Governments, a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fire Operations Fund The fire operations fund accounts for and reports the receipt of property and other local tax monies and charges for services for the purpose of providing fire protection and purchasing fire equipment.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Fire Debt Fund The fire debt fund accounts for and reports the receipt of municipal income tax monies for the purpose of repaying an upcoming debt for the Village fire department.

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

Capital Construction Projects The capital construction projects fund accounts for and reports the receipts of federal and state grants for the purpose of funding upcoming construction projects.

Capital Projects Fund The capital projects fund accounts for and reports municipal income tax monies restricted for the purpose of acquisition or construction of capital facilities and other capital assets.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the unexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

Electric Fund The electric fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing electric service.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Nonnegotiable certificates of deposit are valued at cost.

Capital Assets

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,482,495	\$ 1,307,317	\$(175,178)
Special Revenue	1,934,493	1,570,209	(364,284)
Debt Service	264,000	264,000	-
Capital Projects	497,691	261,951	(235,740)
Permanent	920	765	(155)
Enterprise	6,677,598	5,852,056	(825,542)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,947,044	\$ 1,287,586	\$ 659,458
Special Revenue	3,322,204	1,543,355	1,778,849
Debt Service	428,694	164,694	264,000
Capital Projects	1,051,171	510,332	540,839
Permanent	19,125	-	19,125
Enterprise	12,557,017	6,471,686	6,085,331

Note 4 – Deposits and Investments

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

	2022
Demand deposits	\$2,051,430
Certificates of deposit	17,871
Total deposits	<u>2,069,301</u>
STAR Ohio	33,208
CDARS	6,198,000
Total investments	<u>6,231,208</u>
Total deposits and investments	<u>\$8,300,509</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village had \$33,090 unremitted employee payroll withholdings.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

Deposits

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

At December 31, 2022, \$59,433 of deposits were not insured or collateralized, because one of the Village's financial institutions was approved for a reduced collateral floor of 50%.

Investments

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a 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.

Note 6 – Risk Management

Workers' Compensation

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

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (continued)

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Commercial inland marine
- General liability
- Public officials' liability
- Employers' liability
- Employee benefits liability

Settled claims have not exceeded insurance coverage in any of the past three years. Coverage limits have not changed significantly from last year.

During 2022, the Village elected to use the Stark County Schools Council of Governments (the COG), a public entity risk pool, to provide health, dental, vision and life insurance to qualified employees. Information for this entity can be obtained from the COG's fiscal officer.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Retirement System (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25%, of their gross salaries and the Village contributed an amount equaling 19.5%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

The Village's part-time firefighters, Mayor, and one Council member contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (continued)

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefit

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. OP&F contributed 0.5% to fund these benefits during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA #5277	\$ 16,203	0.00%
OWDA #6691	3,182,073	0.00%
Commercial & Savings Bank Loan	1,396,043	3.16%
OPWC CS03X	156,271	0.00%
Total	<u>\$4,750,590</u>	

The above outstanding debt does not include the OMEGA JV5 obligations. The Village paid a total of \$71,667 in debt service payments for the OMEGA JV5 obligations during 2022. No amortization schedule is available for these obligations.

In 2009, the Village received loan #5277 from the Ohio Development Water Authority (OWDA) for water improvements for the Hillview Mobile Home Park. During 2010, the Village received a grant which was used to repay a portion of the loan. The remainder of the loan is being paid by the Village in semi-annual payments from user charges.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

In 2013, the Village received loan #6691 from the Ohio Developmental Water Authority (OWDA for water improvements for the Kings Highway Pump Station Relocation. The loan is being paid by the Village in semi-annual payments from user charges of sewer services.

In 2020, the Village received a loan from the Commercial & Savings Bank to expand the fire station. The loan is being paid by the Village in annual payments

In 2021, the Village received a loan from the Ohio Public Works Commission to advance the Jefferson Avenue Sanitary Sewer Main Replacement. The loan is being paid by the Village on annual payments over twenty years.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Commercial & Savings Bank Loan
2023	\$ 4,112	\$ 127,760	\$ 259,089
2024	8,225	255,519	259,089
2025	8,225	255,519	259,089
2026	8,225	255,519	259,088
2027	8,225	255,519	259,088
2028-2032	41,124	1,277,595	259,088
2033-2037	41,124	768,463	-
2038-2040	37,011	2,382	-
Total	<u>\$ 156,271</u>	<u>\$ 3,198,276</u>	<u>\$ 1,554,531</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

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

Note 11 – Joint Venture

OMEGA JV5 (latest information available)

The Village of Brewster is a Financing Participant with an ownership percentage of .79 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Joint Venture (continued)

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Brewster has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued 2016 Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Joint Venture (continued)

The Village's net investment to date in OMEGA JV5 was \$23,604 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

OMEGA JV2 (latest information available)

The Village of Brewster is a Non-Financing Participant and an Owner Participant with an ownership percentage of .75% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project Shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. The Village's net investment in OMEGA JV2 was \$24,012 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2017, the outstanding debt was \$188,606. The Village's net investment in OMEGA JV2 was \$75,324 at December 31, 2017. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Joint Venture (continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2019 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>	Grand Total	<u>4.80%</u>	<u>6,441</u>
				<u>100.00%</u>	<u>134,081</u>

Note 12 – Jointly Governed Organizations

Stark Council of Governments

The Village participates in Stark Council of Governments (the Council), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and Villages with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Jointly Governed Organizations (continued)

Stark County Regional Planning Commission

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County and other villages and cities. The principal aim of the Commission is to provide comprehensive planning, both long- and short-term range, dealing with economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

Municipal Energy Services Agency

The Municipal Energy Services Agency (MESA) is a jointly governed organization among the Village and approximately thirty other municipal electric systems. MESA was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training and other technical aspects of the operation and maintenance of municipal electric and other utility systems. The continued existence of MESA is not dependent on the Village's continued participation and the Village does not have an equity interest in or financial responsibility for MESA. MESA has no outstanding debt.

Note 13 – American Municipal Power Generating Station Project (latest information available)

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 4,276 kilowatts of a total 771,281 kilowatts, giving the Village a .55% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("AMPGS"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("Bechtel"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS ("AMPGS Participants") voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2019, the Village's allocated share of the stranded costs recoverable from the AMPGS Participants is \$6,853.

Village of Brewster
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Permanent
Nonspendable				
Unclaimed Monies	\$ 2,650	\$ -	\$ -	\$ -
Corpus	-	-	-	18,910
Outstanding Encumbrances	39,310	140,130	185,133	-
Total	<u>41,960</u>	<u>140,130</u>	<u>\$ 185,133</u>	<u>\$ 18,910</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Transfers

During 2022, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund, the Street Equipment Fund, the Street Resurfacing Fund, the Police Car and Equipment Fund, the Parks and Grounds Fund, the Sidewalk Capital Improvement Fund, the Capital Projects Fund and the Recreation Fund. All transfers were made in accordance with the Ohio Revised Code.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.



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

Village of Brewster
Stark County
302 South Wabash Avenue
Brewster, Ohio 44613

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of Brewster, Stark County, Ohio (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements and have issued our report thereon dated February 10, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Village of Brewster
Stark County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

Report on Compliance and Other Matters

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

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2025

**VILLAGE OF BREWSTER
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 and 2022**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Notes to the Financial Statements

FINDING NUMBER – 2023-001

Material Weakness

Governmental Accounting Standards Board (GASB) Codification 2300.102 explains the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements.

The budgetary activity note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2022 inaccurately reported budgeted receipts as follows:

Opinion Unit	Reported Budgeted Receipts	Actual Budgeted Receipts	Variance
General	\$1,183,760	\$1,482,495	(\$298,735)
Special Revenue	\$2,037,902	\$1,934,493	\$103,409
Capital Projects	\$383,691	\$497,691	(\$114,000)
Permanent	\$1,370	\$920	\$450
Enterprise	\$6,681,133	\$6,677,598	(\$3,535)

The budgetary activity note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2022 inaccurately reported appropriations as follows:

Opinion Unit	Reported Appropriations	Actual Appropriations	Variance
General	\$1,259,932	\$1,741,709	\$481,777
Special Revenue	\$3,055,340	\$3,152,842	\$97,502
Capital Projects	\$937,171	\$1,051,171	\$114,000
Permanent	\$18,675	\$19,125	\$450
Enterprise	\$11,630,903	\$12,557,017	\$926,114

The notes to the financial statements have been adjusted to reflect the correct amounts.

The Village should implement controls over financial reporting to ensure the notes to the financial statements are accurate.

Official's Response:

In December of 2022, the Fiscal Officer had COVID and was unable to submit the year-end adjustment legislation for Council's approval until after the 12-31-2022 deadline.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BREWSTER

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/11/2025

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

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