



**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village Council  
Village of Brooklyn Heights  
Cuyahoga County  
345 Tuxedo Avenue  
Brooklyn Heights, Ohio 44131

We have audited the accompanying financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Brooklyn Heights, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 12, 2004

VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$366,531	\$26,820	\$0	\$0	\$393,351
Municipal Income Taxes	3,387,235	0	0	582,066	3,969,301
Intergovernmental Receipts	169,941	105,127	0	18,534	293,602
Special Assessments	0	0	181,280	5,782	187,062
Charges for Services	23,835	0	0	0	23,835
Fines, Licenses, and Permits	111,985	7,720	0	0	119,705
Earnings on Investments	66,435	572	3,332	7,275	77,614
Miscellaneous	14,952	50	0	0	15,002
<b>Total Cash Receipts</b>	<b>4,140,914</b>	<b>140,289</b>	<b>184,612</b>	<b>613,657</b>	<b>5,079,472</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	2,191,520	41,564	0	0	2,233,084
Public Health Services	143,337	0	0	0	143,337
Leisure Time Activities	188,526	0	0	0	188,526
Community Environment	101,179	0	0	0	101,179
Basic Utility Services	66,257	0	0	0	66,257
Transportation	292,206	78,372	0	0	370,578
General Government	1,623,354	1,008	1,000	0	1,625,362
Capital Outlay	2,763	5,427	0	382,815	391,005
Debt Service	0	0	186,313	9,988	196,301
<b>Total Cash Disbursements</b>	<b>4,609,142</b>	<b>126,371</b>	<b>187,313</b>	<b>392,803</b>	<b>5,315,629</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(468,228)</b>	<b>13,918</b>	<b>(2,701)</b>	<b>220,854</b>	<b>(236,157)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Assets	16,115	0	0	0	16,115
Other Sources	45,356	383	0	31,912	77,651
Other Uses	(149,481)	(369)	0	(76,715)	(226,565)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(88,010)</b>	<b>14</b>	<b>0</b>	<b>(44,803)</b>	<b>(132,799)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(556,238)</b>	<b>13,932</b>	<b>(2,701)</b>	<b>176,051</b>	<b>(368,956)</b>
<b>Fund Cash Balances, January 1, 2003</b>	<b>3,597,373</b>	<b>110,427</b>	<b>354,521</b>	<b>4,231,577</b>	<b>8,293,898</b>
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$3,041,135</b>	<b>\$124,359</b>	<b>\$351,820</b>	<b>\$4,407,628</b>	<b>\$7,924,942</b>
<b>Reserves for Encumbrances, December 31, 2003</b>	<b>\$41,395</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,330</b>	<b>\$151,725</b>

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

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court	\$147,135
Total Operating Cash Receipts	147,135
<b>Operating Cash Disbursements:</b>	
Mayor's Court	145,390
Total Operating Cash Disbursements	145,390
Operating Income/(Loss)	1,745
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	740,701
Total Non-Operating Cash Receipts	740,701
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	736,982
Total Non-Operating Cash Disbursements	736,982
Net Receipts Over/(Under) Disbursements	5,464
Fund Cash Balances, January 1, 2003	89,075
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$94,539</b>
Reserve for Encumbrances, December 31, 2003	\$3,084

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



**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$366,696	\$26,832	\$0	\$0	\$393,528
Municipal Income Taxes	2,856,813	0	0	915,193	3,772,006
Intergovernmental Receipts	174,308	95,591	0	30,029	299,928
Special Assessments	0	0	186,848	5,249	192,097
Charges for Services	23,731	0	0	0	23,731
Fines, Licenses, and Permits	125,369	8,875	0	0	134,244
Earnings on Investments	111,184	988	5,676	12,026	129,874
Miscellaneous	13,079	135	0	0	13,214
<b>Total Cash Receipts</b>	<b>3,671,180</b>	<b>132,421</b>	<b>192,524</b>	<b>962,497</b>	<b>4,958,622</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	2,132,111	37,884	0	0	2,169,995
Public Health Services	157,448	0	0	0	157,448
Leisure Time Activities	217,160	0	0	0	217,160
Community Environment	113,195	0	0	0	113,195
Basic Utility Services	62,990	0	0	0	62,990
Transportation	239,776	87,710	0	0	327,486
General Government	1,787,365	1,008	1,000	0	1,789,373
Capital Outlay	4,745	11,494	0	1,554,032	1,570,271
Debt Service	0	0	192,100	9,988	202,088
<b>Total Cash Disbursements</b>	<b>4,714,790</b>	<b>138,096</b>	<b>193,100</b>	<b>1,564,020</b>	<b>6,610,006</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(1,043,610)</b>	<b>(5,675)</b>	<b>(576)</b>	<b>(601,523)</b>	<b>(1,651,384)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Assets	13,873	0	0	0	13,873
Other Sources	49,238	388	0	0	49,626
Other Uses	(76,204)	(394)	0	(28,839)	(105,437)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(13,093)</b>	<b>(6)</b>	<b>0</b>	<b>(28,839)</b>	<b>(41,938)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(1,056,703)</b>	<b>(5,681)</b>	<b>(576)</b>	<b>(630,362)</b>	<b>(1,693,322)</b>
<b>Fund Cash Balances, January 1, 2002</b>	<b>4,654,076</b>	<b>116,108</b>	<b>355,097</b>	<b>4,861,939</b>	<b>9,987,220</b>
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$3,597,373</b>	<b>\$110,427</b>	<b>\$354,521</b>	<b>\$4,231,577</b>	<b>\$8,293,898</b>
<b>Reserves for Encumbrances, December 31, 2002</b>	<b>\$20,954</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,183</b>	<b>\$91,137</b>

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

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court	\$149,654
Total Operating Cash Receipts	149,654
<b>Operating Cash Disbursements:</b>	
Mayor's Court	146,474
Total Operating Cash Disbursements	146,474
Operating Income/(Loss)	3,180
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	704,759
Total Non-Operating Cash Receipts	704,759
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	705,473
Total Non-Operating Cash Disbursements	705,473
Net Receipts Over/(Under) Disbursements	2,466
Fund Cash Balances, January 1, 2002	86,609
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$89,075</b>

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

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Village Charter dated November 1994. The Village is directed by a publicly-elected seven-member Council. The Village provides general government services, including road maintenance, recreation, rubbish collections, police and fire services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable. The Village is associated with three jointly governed organizations, the Northeast Ohio Public Energy Council, the Southwest Council of Governments and the Parma Community General Hospital Association. These organizations are presented in Note 9.

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

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

*Police Pension Fund* - This fund receives property taxes and intergovernmental monies to fund payroll pension requirements for the police disability and pension fund.

**3. Debt Service Fund**

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

*Valley Business Park Fund* – This project was financed with special assessment bonds of the Village. This debt is being retired from a special assessment levied against the benefiting property owners.

*West Resource Drive* – This project was financed with special assessment bonds of the Village. This debt is being retired from a special assessment levied against the benefiting parties.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project fund:

*Capital Improvement Fund* – This fund receives special assessments, intergovernmental money, interest earnings, and a portion of income tax money per ordinance for capital improvements such as major street construction and repair projects, capital equipment, and vehicle purchases.

**5. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant agency funds:

*Employee Withholding Fund* – This fund is used to account for all employee portion payroll deductions.

*Mayor's Court Fund* – This fund accounts for the activities of the Village's Mayor's Court.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2003 and December 31, 2002 was as follows:

	2003	2002
Demand deposits	\$ 350,283	\$ 316,973
High balance savings account	2,119,198	0
Certificates of deposit	5,550,000	8,066,000
Total deposits	\$ 8,019,481	\$ 8,382,973

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool. The high balance savings account maintains a variable interest rate which is determined daily at the banks discretion.

**3. BUDGETARY ACTIVITY**

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

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,202,385	\$4,202,385	\$0
Special Revenue	140,672	140,672	0
Debt Service	184,612	184,612	0
Capital Projects	645,569	645,569	0
Total	\$5,173,238	\$5,173,238	\$0

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,414,444	\$4,800,018	\$614,426
Special Revenue	152,900	126,740	26,160
Debt Service	187,313	187,313	0
Capital Projects	979,924	579,848	400,076
Total	\$6,734,581	\$5,693,919	\$1,040,662

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,734,291	\$3,734,291	\$0
Special Revenue	132,809	132,809	0
Debt Service	192,524	192,524	0
Capital Projects	962,497	962,497	0
Total	\$5,022,121	\$5,022,121	\$0

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,446,030	\$4,811,948	\$634,082
Special Revenue	152,267	138,490	13,777
Debt Service	194,200	193,100	1,100
Capital Projects	2,182,287	1,663,042	519,245
Total	<u>\$7,974,784</u>	<u>\$6,806,580</u>	<u>\$1,168,204</u>

**4. PROPERTY TAX**

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

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of two percent 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. Income taxes received in 2003 are distributed at 85% (75% in 2002) to the General Fund and 15% (25% in 2002) to the Capital Improvement Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's tax collection agent, the Regional Income Tax Agency, monthly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$104,872	0.00%
Special Assessment Bonds:		
Valley Business Park	90,000	9.78%
West Resource Drive	580,000	3-12%
Total	<u>\$774,872</u>	

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

The Ohio Public Works Commission Loan (OPWC) loan relates to a joint venture street project with the City of Independence. The OPWC has approved \$335,098 in total loans, of which \$199,755 is the Village's portion. The Village OPWC loans will be repaid in bi-annual installments of \$4,994 over twenty years, through the Village's Capital Projects Improvement Fund.

The Special Assessment Bonds were issued for street and resource drive improvements and will be repaid from the Village's Valley Business Park and West Resource Drive Debt Service Funds.

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

<u>Year ending December 31:</u>	<u>OPWC Loan</u>	<u>Special Assessment Bonds</u>
2004	\$9,988	\$175,220
2005	9,988	74,060
2006	9,988	76,742
2007	9,988	79,118
2008	9,988	76,175
2007-2013	49,938	386,650
2014	4,994	0
Total	<u>\$104,872</u>	<u>\$867,965</u>

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP&F contributed 2.5% of their wages to OP&F and the Village picked up the remaining employees' portion of 7.5%. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 2.125% of their gross wages while the Village picked up the remaining employees' portion of 6.375%. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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



**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

**Employee Health Insurance**

The Village operated and managed employee's health, life, and dental benefits on a self-insured basis for the period January 1, 2002 to June 30, 2002. As of July 1, 2002, the Village switched to a premium based plan with United Healthcare for health and life and MetLife for dental coverage. The premiums are paid by the Village's General Fund, which pays the salaries of Village employees.

**9. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council ("NOPEC"), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 92 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC during fiscal years 2003 or 2002. Financial information can be obtained by contacting, Treasurer, Dan DiLiberto, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

**B. Southwest Council of Governments**

The Southwest Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each municipality degree of control is limited to its representation on the board. The Village has made no contributions to the Southwest Council of Governments during fiscal years 2003 or 2002.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZ MAT") which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to municipalities in the form of a Special Weapons and Tactics Team ("SWAT Team"). The Council's financial statements may be obtained by contacting the Southwest Council of Governments, Parma Heights, Ohio.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**9. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Parma Community General Hospital Associations**

The Parma Community General Hospital Association is a not for profit adult care hospital controlled by a Board of Trustees which is composed of Mayoral appointees from the Municipalities of Brooklyn, North Royalton, Parma, Parma Heights, Seven Hills, and Brooklyn Heights. Each municipality has two representatives on the Board other than Parma, which has six. The operations, maintenance and management of the hospital are the exclusive charge of the Parma Community General Hospital Association. The Village's degree of control is limited to its appointment to the Board of Trustees.

Additions to the hospital have been financed by the issuance of hospital revenue bonds. The bonds are backed solely by the revenues of the hospital. The Municipalities have no responsibility for the payment of bonds, nor is there any ongoing financial interest or responsibility by the Village to the hospital.

The Village has made no contributions to the hospital during fiscal years 2003 or 2002.

**10. LAND PURCHASE**

On December 21, 2001, the Village entered into a \$1,000,000 land purchase agreement with Bolad, Inc. On August 30, 2002, the Village purchased the land and received title to the property.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village Council  
Village of Brooklyn Heights  
Cuyahoga County  
345 Tuxedo Avenue  
Brooklyn Heights, Ohio 44131

We have audited the financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated August 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the Village's management in a separate letter dated August 12, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 12, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF BROOKLYN HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 7, 2004**