



**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

As described in Note 2 to the accompanying financial statements, during fiscal year 2000, the Village changed its classification of Expendable Trust Funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**Jim Petro**  
Auditor of State

April 2, 2002

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, 2001**

	<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	\$3,276,657	\$28,821		\$952,127	\$4,257,605
Special Assessments			\$199,299	5,515	204,814
Intergovernmental Receipts	167,724	101,768		38,081	307,573
Charges for Services	30,113				30,113
Fines, Licenses, and Permits	100,343	4,168			104,511
Earnings on Investments	427,304	3,797	15,638	35,218	481,957
Miscellaneous	13,302				13,302
<b>Total Cash Receipts</b>	<u>4,015,443</u>	<u>138,554</u>	<u>214,937</u>	<u>1,030,941</u>	<u>5,399,875</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	2,013,019	41,918			2,054,937
Public Health Services	120,462				120,462
Leisure Time Activities	239,328				239,328
Community Environment	90,955				90,955
Basic Utility Services	59,942				59,942
Transportation	253,567	132,555			386,122
General Government	1,676,885	1,008			1,677,893
Debt Service:					
Principal Payments			125,000	9,988	134,988
Interest Payments			72,598		72,598
Financing and Other Debt-Service Related			1,000		1,000
Capital Outlay	2,264	4,335		1,736,975	1,743,574
<b>Total Cash Disbursements</b>	<u>4,456,422</u>	<u>179,816</u>	<u>198,598</u>	<u>1,746,963</u>	<u>6,581,799</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(440,979)</u>	<u>(41,262)</u>	<u>16,339</u>	<u>(716,022)</u>	<u>(1,181,924)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Sources	47,794	722		47,560	96,076
Other Uses	(171,493)	(691)		(59,254)	(231,438)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(123,699)</u>	<u>31</u>	<u>0</u>	<u>(11,694)</u>	<u>(135,362)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(564,678)</u>	<u>(41,231)</u>	<u>16,339</u>	<u>(727,716)</u>	<u>(1,317,286)</u>
<b>Fund Cash Balances January 1</b>	<u>5,218,754</u>	<u>157,339</u>	<u>338,758</u>	<u>5,589,655</u>	<u>11,304,506</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,654,076</b></u>	<u><b>\$116,108</b></u>	<u><b>\$355,097</b></u>	<u><b>\$4,861,939</b></u>	<u><b>\$9,987,220</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$35,140</b></u>	<u><b>\$2,167</b></u>	<u><b>\$0</b></u>	<u><b>\$1,255,531</b></u>	<u><b>\$1,292,838</b></u>

*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 - AGENCY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency</u>
<b>Operating Cash Receipts:</b>	
Mayor's Court	<u>\$96,552</u>
Total Operating Cash Receipts	<u>96,552</u>
<b>Operating Cash Disbursements:</b>	
Mayor's Court	<u>95,631</u>
Total Operating Cash Disbursements	<u>95,631</u>
Operating Income/(Loss)	<u>921</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>662,526</u>
Total Non-Operating Cash Receipts	<u>662,526</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>675,316</u>
Total Non-Operating Cash Disbursements	<u>675,316</u>
Net Receipts Over/(Under) Disbursements	(11,869)
Fund Cash Balances, January 1	<u>98,218</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$86,349</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>

*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 TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<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	\$3,405,801	\$26,776		\$1,003,304	\$4,435,881
Special Assessments			\$207,234	5,515	212,749
Intergovernmental Receipts	166,186	111,890		197,374	475,450
Charges for Services	17,879				17,879
Fines, Licenses, and Permits	94,590	4,720			99,310
Earnings on Investments	610,824	4,442	19,094	50,700	685,060
Miscellaneous	14,765				14,765
<b>Total Cash Receipts</b>	<b>4,310,045</b>	<b>147,828</b>	<b>226,328</b>	<b>1,256,893</b>	<b>5,941,094</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,821,826	34,197			1,856,023
Public Health Services	98,686				98,686
Leisure Time Activities	185,412				185,412
Community Environment	87,768				87,768
Basic Utility Services	57,694				57,694
Transportation	240,506	73,042			313,548
General Government	1,505,043				1,505,043
Debt Service:					
Principal Payments			125,000	9,988	134,988
Interest Payments			83,025		83,025
Financing and Other Debt-Service Related			1,000		1,000
Capital Outlay	5,449			1,892,860	1,898,309
<b>Total Cash Disbursements</b>	<b>4,002,384</b>	<b>107,239</b>	<b>209,025</b>	<b>1,902,848</b>	<b>6,221,496</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>307,661</b>	<b>40,589</b>	<b>17,303</b>	<b>(645,955)</b>	<b>(280,402)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of fixed Assets	28,352				28,352
Other Sources	13,339	707			14,046
Other Uses	(9,962)	(768)		(6,767)	(17,497)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>31,729</b>	<b>(61)</b>	<b>0</b>	<b>(6,767)</b>	<b>24,901</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>339,390</b>	<b>40,528</b>	<b>17,303</b>	<b>(652,722)</b>	<b>(255,501)</b>
<b>Fund Cash Balances, January 1 (Restated)</b>	<b>4,879,364</b>	<b>116,811</b>	<b>321,455</b>	<b>6,242,377</b>	<b>11,560,007</b>
<b>Fund Cash Balances, December 31</b>	<b>\$5,218,754</b>	<b>\$157,339</b>	<b>\$338,758</b>	<b>\$5,589,655</b>	<b>\$11,304,506</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$79,476</b>	<b>\$806</b>	<b>\$0</b>	<b>\$799,985</b>	<b>\$880,267</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 - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court	\$108,739
Total Operating Cash Receipts	108,739
<b>Operating Cash Disbursements:</b>	
Mayor's Court	105,734
Total Operating Cash Disbursements	105,734
Operating Income/(Loss)	3,005
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	601,181
Total Non-Operating Cash Receipts	601,181
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	602,904
Total Non-Operating Cash Disbursements	602,904
Net Receipts Over/(Under) Disbursements	1,282
Fund Cash Balances, January 1(Restated)	96,936
<b>Fund Cash Balances, December 31</b>	<b>\$98,218</b>
Reserve for Encumbrances, December 31	<b>\$0</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, 2001 AND 2000**

**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 10.

**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**

Certificate of deposits 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 from capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds. 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 benefitting 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 benefitting parties.

**4. Capital Projects 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 Projects 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.

**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.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 4.

**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.

**H. Total Columns**

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**2. RECLASSIFICATION OF FUND ACTIVITY**

In 2000, the Village changed the classification of its Police Pension and Guarantee Deposit Funds from an Expendable Trust Fund to a Special Revenue Fund and an Agency Fund, respectively.

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

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2001 and December 31, 2000 was as follows:

	2001	2000
Demand deposits	\$ 215,569	\$ 207,724
Certificates of deposit	9,858,000	11,195,000
Total deposits	10,073,569	11,402,724

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

**3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,543,069	\$4,063,237	(\$479,832)
Special Revenue	171,321	139,276	(32,045)
Debt Service	214,937	214,937	0
Capital Projects	1,078,501	1,078,501	0
Total	\$6,007,828	\$5,495,951	(\$511,877)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,591,070	\$4,663,055	\$928,015
Special Revenue	216,806	182,674	34,132
Debt Service	201,000	198,598	2,402
Capital Projects	5,364,742	3,061,748	2,302,994
Total	\$11,373,618	\$8,106,075	\$3,267,543

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Fund Type
General	\$4,352,736	\$4,351,736	(\$1,000)
Special Revenue	153,536	148,535	(5,001)
Debt Service	226,328	226,328	0
Capital Projects	1,256,893	1,256,893	0
Total	\$5,989,493	\$5,983,492	(\$6,001)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,129,428	\$4,091,822	\$1,037,606
Special Revenue	169,000	108,813	60,187
Debt Service	211,250	209,025	2,225
Capital Projects	5,795,149	2,709,600	3,085,549
Total	\$11,304,827	\$7,119,260	\$4,185,567

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

**5. 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 payment, 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 with 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.

**6. 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 are distributed 75% to the General Fund and 25% 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.

**7. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$124,847	0%
Special Assessment Bonds	935,000	3-10%
Total	\$1,059,847	

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.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

**7. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>OWPC Loan</u>	<u>Special Assessment Bonds</u>
2002	\$9,988	\$192,100
2003	9,988	186,313
2004	9,988	175,220
2005	9,988	74,060
2006	9,988	76,742
2007 - 2011	49,938	384,843
2012 - 2014	24,969	157,100
Total	<u>\$124,847</u>	<u>\$1,246,378</u>

**8. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F contributed 2.5% of their wages to the 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. PERS 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 PERS participants' gross salaries through June 30, 2000. Commencing July 1, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2001.

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**Self Insurance**

The Village operates and manages employee health, life, and dental benefits on a self-insured basis. The Village uses the General Fund to account for and finance its uninsured risks of loss in the program. A third party, Great West Life & Annuity Insurance Company, reviews all claims which are then paid by the Village. The premium and claims are paid by the Village's General Fund which pays the salaries of Village employees.



**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY**

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

**9. RISK MANAGEMENT (Continued)**

**Self Insurance (Continued)**

The following is the Village's claims incurred and claims paid for 2000 and 2001:

	2000	2001
Balance - Beginning of the year	\$12,368	\$15,663
Current Year Claims	\$206,202	\$216,028
Claim Payments	(\$202,907)	(\$220,205)
Balance - End of Year	\$15,663	\$11,486

**10. 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 in 2001 and 2000. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 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 municipalities degree of control is limited to its representation on the board. In 2001, the Village contributed \$0 and in 2000 the Village contributed \$17,290 to the Southwest Council of Governments.

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, 2001 AND 2000  
(Continued)**

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

**C. Parma Community General Hospital Association**

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 is 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 2001 or 2000

**11. LAND PURCHASE**

On December 21, 2001, the Village entered into a \$1,000,000 land purchase agreement with Bolad, Inc. As of December 31, 2001, the Village had not yet purchased the land nor received a deed.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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## 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 accompanying financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 2, 2002, in which we noted the Village changed its classification of Expendable Trust Funds. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 2, 2002.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 2, 2002.

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

**Jim Petro**  
Auditor of State

April 2, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
APRIL 18, 2002**