

***VILLAGE OF BROOKLYN HEIGHTS***

**CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2011 and 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Brooklyn Heights, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

December 14, 2012

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**VILLAGE OF BROOKLYN HEIGHTS  
 CUYAHOGA COUNTY, OHIO  
 Audit Report  
 For the Years Ending December 31, 2011 and 2010**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County (the Village), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 opinions.

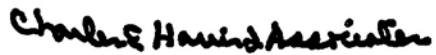
As discussed in Note 2, the Village of Brooklyn Heights, Cuyahoga County, prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, as of December 31, 2011 and 2010, and the respective changes in its cash basis financial position thereof and the budgetary comparison for the General Fund and the FEMA Fund for the years then ended in conformity with the basis of accounting described in Note 2.

As described in Note 3, the Village implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



*Charles E. Harris & Associates, Inc.*

July 11, 2012



**Village of Brooklyn Heights**  
*Cuyahoga County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011 and 2010*  
*Unaudited*

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The management's discussion and analysis of the Village of Brooklyn Heights' (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2011 and December 31, 2010, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole. Readers should also review the cash basis financial statements and notes to the financial statements to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2011 and 2010 are as follows:

Net assets of governmental activities in 2011 decreased \$178,537, or 4.1 percent, from the prior year. Net assets of government activities in 2010 decreased \$549,108, or 11.2 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of decreasing receipts in 2010 and 2011.

The Village's general receipts are primarily municipal income and property taxes. For 2011, these receipts represent 72.5 and 6.4 percent (77.6 and 6.9 percent for 2010) respectively of the total cash received for governmental activities during the year. Property tax receipts for 2010 changed very little, and decreased in 2011 as the result of the conclusion of a special assessment, while municipal income tax decreased \$759,848 in 2010 and an additional \$243,110 in 2011.

The total governmental disbursements 2011 were \$346,093 less than the prior year. For 2010, the total governmental disbursements were \$681,233 less than the prior year. Disbursements decreased in 2010 and further in 2011 due to Village leadership's proactive attempt to reduce disbursements in response to the decrease in municipal income tax receipts.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2011 and 2010, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The statement of net assets and the statement of activities report on governmental activities. The Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, FEMA, Capital Improvement, Lancaster Road Reconstruction and Waterline/Sewerline Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's agency fund accounts for deposits from various contractors, developers or individuals to insure compliance with various Village ordinances.

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**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010, and 2010 compared to 2009 on a cash basis:

(Table 1)

	Governmental Activities		
	2011	2010	2009
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,168,596	\$ 4,347,133	\$ 4,896,241
<i>Total Assets</i>	<b>\$ 4,168,596</b>	<b>\$ 4,347,133</b>	<b>\$ 4,896,241</b>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 414,352	\$ 415,281	\$ 2,052,288
Debt Service	432,632	513,952	388,456
Other Purposes	79,452	85,853	312,553
Unrestricted	3,242,160	3,332,047	2,142,944
<i>Total Net Assets</i>	<b>\$ 4,168,596</b>	<b>\$ 4,347,133</b>	<b>\$ 4,896,241</b>

As mentioned previously, net assets of governmental activities decreased \$178,537 or 4.1 percent during 2011 and \$549,108 or 11.2 percent for 2010. The primary reasons contributing to the decreases in cash balances are as follows:

- The decreases in net assets of government activities were primarily due to a significant decrease in municipal income taxes: \$243,110 in 2011 and \$759,848 in 2010.
- The decrease in net assets restricted for capital projects was due to the Lancaster Road reconstruction project.
- The decreases were partially-offset by decreases in General Fund expenditures, which were made when impending losses in municipal income taxes were discovered. The bulk of which coming from the loss of the Village's largest employer in 2009. This was anticipated, and noted on page 9 of the 2008/2009 MD&A.

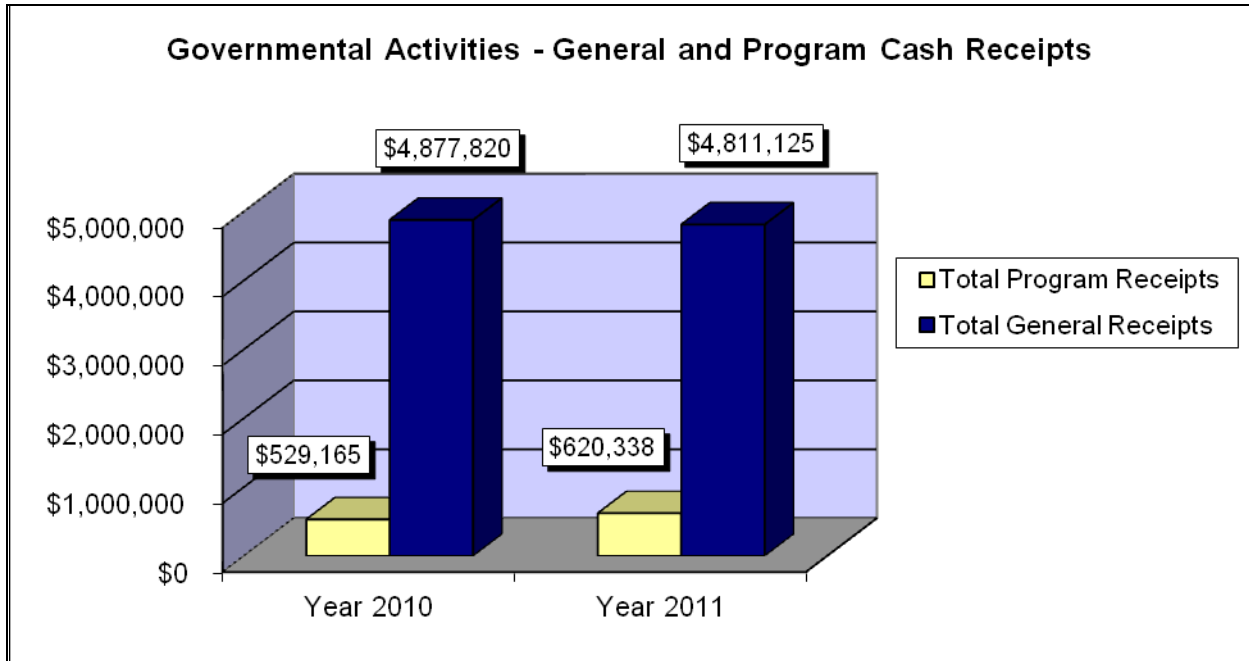
**Village of Brooklyn Heights**  
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Table 2 provides a summary of the Village's changes in net assets for 2011 compared to 2010, and 2010 compared to 2009 on a cash basis:

(Table 2)			
Changes in Net Assets			
	Governmental Activities		
	2011	2010	2009
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services and Sales	\$ 224,375	\$ 220,612	\$ 195,713
Operating Grants and Contributions	128,870	132,884	147,876
Capital Grants and Contributions	267,093	175,669	350,475
<b>Total Program Receipts</b>	<b>620,338</b>	<b>529,165</b>	<b>694,064</b>
<b>General Receipts:</b>			
Property Taxes	348,208	371,119	351,843
Other Local Taxes	79,941	146,815	
Municipal Income Taxes	3,936,293	4,179,403	4,939,251
Grants and Entitlements Not Restricted to Other Programs	236,325	81,053	298,846
OPWC Loan Issued	140,170	12,421	-
Sales of Capital Assets	1,306	33,027	-
Cable Franchise Fees	4,214	3,254	-
Earnings on Investments	2,106	6,553	33,054
Miscellaneous	62,562	44,175	10,028
<b>Total General Receipts</b>	<b>4,811,125</b>	<b>4,877,820</b>	<b>5,633,022</b>
<b>Total Receipts</b>	<b>5,431,463</b>	<b>5,406,985</b>	<b>6,327,086</b>
<b>Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	2,685,493	2,959,888	3,097,492
Public Health Services	150,548	213,467	273,485
Leisure Time Activities	61,218	91,768	229,468
Community Environment	80,053	101,735	118,395
Basic Utility Services	88,275	88,951	83,431
Transportation	592,809	757,376	882,407
General Government	1,243,181	1,274,647	1,183,562
Other Expenses	92,799	197,405	-
Capital Outlay	523,748	180,680	680,145
<b>Debt Service:</b>			
Principal Retirement	80,326	75,326	70,791
Interest and Fiscal Charges	11,550	14,850	18,150
<b>Total Disbursements</b>	<b>5,610,000</b>	<b>5,956,093</b>	<b>6,637,326</b>
Excess (Deficiency) Before Other Items	(178,537)	(549,108)	(310,240)
Other Sources and Uses	-	-	(325,916)
<b>Increase (Decrease) in Net Assets</b>	<b>(178,537)</b>	<b>(549,108)</b>	<b>(636,156)</b>
Net Assets, January 1	4,347,133	4,896,241	5,532,397
<b>Net Assets, December 31</b>	<b>\$ 4,168,596</b>	<b>\$ 4,347,133</b>	<b>\$ 4,896,241</b>

**Village of Brooklyn Heights**  
*Cuyahoga County*  
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(Table 2)



Program receipts represent only 14.0 percent for 2011 (9.8 percent for 2010) of total receipts and are primarily comprised of restricted intergovernmental receipts such as; motor vehicle license and gas tax money, building permits and inspection fees, and operating and capital grants.

General receipts represent 86.0 percent for 2011 (90.2 percent for 2010) of the Village's total receipts, and of this amount, 89.1 percent for 2011 (93.3 percent for 2010) are property and municipal income taxes. Interest earnings and State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, mayor, clerk/treasurer, income tax administration, law director, and lands and buildings maintenance.

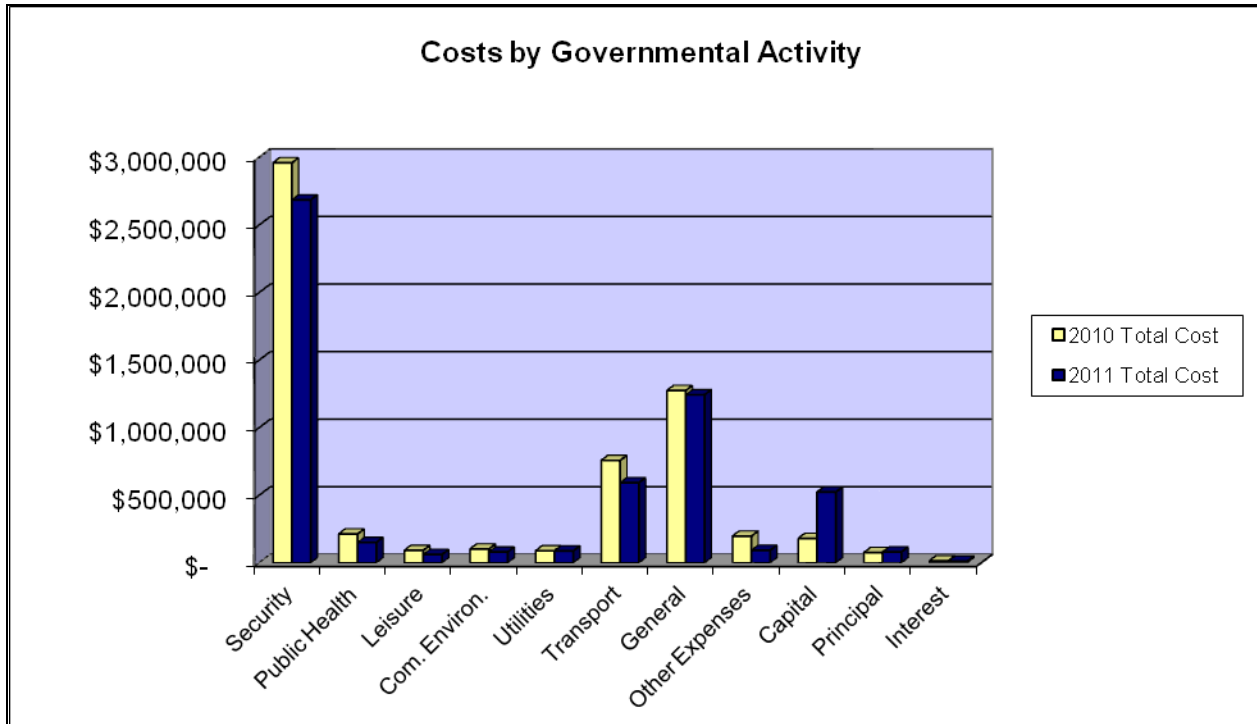
Security of Persons and Property are the costs of police and fire protection; Public Health Services are the costs of the health/community services department; Leisure Time Activities are the costs of maintaining the parks and playing fields; Community Environment promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on pages 12 and 19, you will see that the first column lists the major services provided by the Village. The next column (the first column of numbers) identifies the costs of providing these services. The major program disbursements for governmental activities are for Security of Persons and Property, which account for 47.9 percent for 2011 (49.7 percent for 2010) of all governmental disbursements, respectively. General Government also represents a significant cost, 22.2 percent for 2011 (22.4 percent for 2010). The next three columns of the Statement, entitled Program Receipts, identify amounts paid by those who are directly charged for the service and grants received by the Village that must be used to provide a specific service.

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*Cuyahoga County*  
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The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services in 2011 and 2010 is presented in the following chart.



The dependence upon property and municipal income tax receipts is apparent as 76.4 percent of governmental activities are supported through these general receipts for 2011 and 2010.

**The Government's Funds**

Total governmental funds had receipts of \$5,431,463 for 2011 (\$5,406,985 for 2010) and disbursements of \$5,610,000 for 2011 (\$5,956,093 for 2010). The greatest change within governmental funds occurred within the General Fund and Capital Improvement Fund. The fund balance of the General Fund increased \$75,212 in 2011 and decreased \$509,546 in 2010 as the result of significant decreases in municipal income tax collections. The Capital Improvement Fund noticed a significant decrease of \$714,882 in 2010, primarily as the result of the transfer to the Lancaster Road Reconstruction Fund.

Given the decreasing balance in the General Fund, the administration made efforts to reduce expenditures in the report years. In 2010, Village employees were given reductions in pay and compensation. In addition, the Village's administration continues to stress to all departments the need to make reductions in disbursements for all operating costs. The Village is also actively pursuing grant funding for projects, particularly for increased energy efficiency. These measures have been deemed to be preferable to requesting additional funds from the taxpayers.

**Village of Brooklyn Heights**  
*Cuyahoga County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2011 and 2010*  
*Unaudited*

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**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2011 and 2010, the Village amended its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$5,214,068 for 2011 (\$6,224,271 for 2010) while actual disbursements were \$4,783,395 for 2011 (\$5,538,772 for 2010). The decrease in actual disbursements compared to the budget reflects the effort of the administration and department heads to control spending levels.

**Capital Assets and Debt Administration**

Capital Assets

The Village maintains a listing of its capital assets and infrastructure. These records are not required to be presented in the financial statements.

Debt Administration

The Village had the following long-term obligations at December 31, 2011 and 2010:

	2011	2010
<u>Governmental Activities</u>		
OPWC Schaff Road Water Line	\$ 24,969	\$ 34,957
OPWC Lancaster Bridge	13,643	14,445
OPWC Schaff Road Reconstruction	81,639	86,175
OPWC Lancaster Road Reconstruction	140,170	-
Special Assessment Bonds: West Source Drive	145,000	210,000
Total	\$ 405,422	\$ 345,578

For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. State funding and Local Government Revenue continue to decline due to the State's budget challenges.

The property tax revenues are expected to remain consistent. Municipal income tax collections should remain constant or increase slightly with economic growth, as some of the Village's most-marketable buildings remain vacant. However, the Village may have to refund a substantial net profit tax deposit, the amount of which cannot be accurately estimated at this time. The Village has hired professionals to investigate the taxpayer's recent tax returns, and the Village will exhaust all opportunities to ensure that the refund amount is correct before it is issued.

The administration has been dedicated to making changes necessary to weather the loss of a major employer in 2009. The administration continues to operate on a lean budget, while grant funding is actively pursued for capital projects, including grants geared towards energy efficiency.

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Faced with a struggling economy and the loss of a major employer, the Village's financial condition has recently shown signs of stabilization. The administration has acknowledged the need for sustainability, and is taking necessary steps towards compensating for the decreased municipal income tax receipts. Village leaders are more active now than ever in evaluating its costs and restricting expenditures.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Timothy D. Clymer, Clerk/Treasurer, Village of Brooklyn Heights, 345 Tuxedo Avenue, Brooklyn Heights, Ohio 44131.



**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Net Assets - Cash Basis**  
*December 31, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,168,596
<i>Total Assets</i>	<b>\$ 4,168,596</b>
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 414,352
Debt Service	432,632
Other Purposes	79,452
Unrestricted	3,242,160
<i>Total Net Assets</i>	<b>\$ 4,168,596</b>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Security of Persons and Property	\$ 2,685,493	\$ 68,746	\$ 2,182	\$ -	\$ (2,614,565)
Public Health Services	150,548	11,001	-	-	(139,547)
Leisure Time Activities	61,218	41,295	-	-	(19,923)
Community Environment	80,053	24,341	-	-	(55,712)
Basic Utility Services	88,275	6,205	-	-	(82,070)
Transportation	592,809	1,748	126,092	-	(464,969)
General Government	1,243,181	71,039	596	-	(1,171,546)
Other	92,799	-	-	-	(92,799)
Capital Outlay	523,748	-	-	251,282	(272,466)
Debt Service:					
Principal Retirement	80,326	-	-	10,183	(70,143)
Interest and Fiscal Charges	11,550	-	-	5,628	(5,922)
<b>Total Governmental Activities</b>	<b>\$ 5,610,000</b>	<b>\$ 224,375</b>	<b>\$ 128,870</b>	<b>\$ 267,093</b>	<b>(4,989,662)</b>

General Receipts:

Property Taxes Levied for:	
General Purposes	324,467
Police	23,741
Other Local Taxes	79,941
Municipal Income Taxes	3,936,293
Grants and Entitlements not Restricted to	
Specific Program	236,325
OPWC Loan Issued	140,170
Sale of Capital Assets	1,306
Cable Franchise Fees	4,214
Earnings on Investments	2,106
Miscellaneous	62,562

*Total General Receipts* 4,811,125

Change in Net Assets (178,537)

*Net Assets Beginning of Year* 4,347,133

*Net Assets End of Year* \$ 4,168,596

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2011*

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Lancaster Rd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,708,610	\$ 15,901	\$ 547,237	\$ 666,066	\$ 460,418	\$ 770,364	\$ 4,168,596
<i>Total Assets</i>	<u>\$ 1,708,610</u>	<u>\$ 15,901</u>	<u>\$ 547,237</u>	<u>\$ 666,066</u>	<u>\$ 460,418</u>	<u>\$ 770,364</u>	<u>\$ 4,168,596</u>
<b>Fund Balances</b>							
Restricted	-	15,901	-	-	140,171	770,364	926,436
Committed	-	-	547,237	666,066	320,247	-	1,533,550
Unassigned	1,708,610	-	-	-	-	-	1,708,610
<i>Total Fund Balances</i>	<u>\$ 1,708,610</u>	<u>\$ 15,901</u>	<u>\$ 547,237</u>	<u>\$ 666,066</u>	<u>\$ 460,418</u>	<u>\$ 770,364</u>	<u>\$ 4,168,596</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis**  
**Governmental Funds**  
*For the Year Ended December 31, 2011*

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline/ Fund	Lancaster Rd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$ 3,936,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,936,293
Property Taxes	324,467	-	-	-	-	23,741	348,208
Other Local Taxes	78,955	-	-	-	-	986	79,941
Intergovernmental	230,154	53,200	25,000	-	173,082	135,041	616,477
Special Assessments	-	-	5,628	-	-	10,183	15,811
Charges for Services	101,899	-	-	-	-	-	101,899
Cable Franchise Fees	4,214	-	-	-	-	-	4,214
Fines, Licenses and Permits	117,831	-	-	-	-	4,646	122,477
Earnings on Investments	927	-	-	805	-	374	2,106
Miscellaneous	54,525	-	-	-	-	-	54,525
<b>Total Receipts</b>	<b>4,849,265</b>	<b>53,200</b>	<b>30,628</b>	<b>805</b>	<b>173,082</b>	<b>174,971</b>	<b>5,281,951</b>
<b>Disbursements</b>							
<b>Current:</b>							
Security of Persons and Property	2,639,435	-	-	-	-	46,058	2,685,493
Public Health Services	150,548	-	-	-	-	-	150,548
Leisure Time Activities	61,218	-	-	-	-	-	61,218
Community Environment	79,812	-	-	-	-	241	80,053
Basic Utility Services	88,275	-	-	-	-	-	88,275
Transportation	504,077	-	-	-	-	88,732	592,809
General Government	1,154,707	-	-	-	63,992	24,482	1,243,181
Capital Outlay	-	54,247	32,583	-	425,732	11,186	523,748
<b>Debt Service:</b>							
Principal Retirement	-	-	-	-	-	80,326	80,326
Interest and Fiscal Charges	-	-	-	-	-	11,550	11,550
<b>Total Disbursements</b>	<b>4,678,072</b>	<b>54,247</b>	<b>32,583</b>	<b>-</b>	<b>489,724</b>	<b>262,575</b>	<b>5,517,201</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>171,193</b>	<b>(1,047)</b>	<b>(1,955)</b>	<b>805</b>	<b>(316,642)</b>	<b>(87,604)</b>	<b>(235,250)</b>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	1,306	-	-	-	-	-	1,306
OPWC Loan Issued	-	-	-	-	140,170	-	140,170
Transfers In	-	-	12,524	-	-	-	12,524
Transfers Out	(12,524)	-	-	-	-	-	(12,524)
Other Financing Sources	8,036	-	-	-	-	-	8,036
Other Financing Uses	(92,799)	-	-	-	-	-	(92,799)
<b>Total Other Financing Sources (Uses)</b>	<b>(95,981)</b>	<b>-</b>	<b>12,524</b>	<b>-</b>	<b>140,170</b>	<b>-</b>	<b>56,713</b>
<b>Net Change in Fund Balances</b>	<b>75,212</b>	<b>(1,047)</b>	<b>10,569</b>	<b>805</b>	<b>(176,472)</b>	<b>(87,604)</b>	<b>(178,537)</b>
<b>Fund Balances Beginning of Year</b>	<b>1,633,398</b>	<b>16,948</b>	<b>536,668</b>	<b>665,261</b>	<b>636,890</b>	<b>857,968</b>	<b>4,347,133</b>
<b>Fund Balances End of Year</b>	<b>\$ 1,708,610</b>	<b>\$ 15,901</b>	<b>\$ 547,237</b>	<b>\$ 666,066</b>	<b>\$ 460,418</b>	<b>\$ 770,364</b>	<b>\$ 4,168,596</b>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Municipal Income Taxes	\$ 3,600,000	\$ 3,700,000	\$ 3,936,293	\$ 236,293
Property Taxes	346,100	346,100	324,467	(21,633)
Local Taxes	145,000	80,000	78,955	(1,045)
Intergovernmental	73,800	208,800	230,154	21,354
Charges for Services	110,250	118,750	101,899	(16,851)
Cable Franchise Fee	3,500	3,500	4,214	714
Fines, Licenses and Permits	127,500	139,500	117,831	(21,669)
Earnings on Investments	500	500	927	427
Miscellaneous	30,000	53,000	54,525	1,525
<i>Total Receipts</i>	<u>4,436,650</u>	<u>4,650,150</u>	<u>4,849,265</u>	<u>199,115</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	2,793,871	2,793,870	2,639,435	154,435
Public Health Services	169,790	169,790	150,548	19,242
Leisure Time Activities	72,558	75,808	61,218	14,590
Community Environment	95,034	95,034	79,812	15,222
Basic Utility Services	91,000	91,000	88,275	2,725
Transportation	542,435	564,840	504,077	60,763
General Government	1,321,652	1,318,403	1,154,707	163,696
<i>Total Disbursements</i>	<u>5,086,340</u>	<u>5,108,745</u>	<u>4,678,072</u>	<u>430,673</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(649,690)</u>	<u>(458,595)</u>	<u>171,193</u>	<u>629,788</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	2,000	2,000	1,306	(694)
Transfers Out	-	(12,524)	(12,524)	-
Advance Out	(56,000)	-	-	-
Other Financing Sources	30,000	30,000	8,036	(21,964)
Other Financing Uses	(92,779)	(92,799)	(92,799)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(116,779)</u>	<u>(73,323)</u>	<u>(95,981)</u>	<u>(22,658)</u>
<i>Net Change in Fund Balance</i>	(766,469)	(531,918)	75,212	607,130
<i>Unencumbered Fund Balance Beginning of Year</i>	1,631,835	1,631,835	1,631,835	-
Prior Year Encumbrances Appropriated	1,563	1,563	1,563	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 866,929</u>	<u>\$ 1,101,480</u>	<u>\$ 1,708,610</u>	<u>\$ 607,130</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**FEMA Fund**  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ -	\$ 53,200	\$ 53,200	\$ -
<i>Total Receipts</i>	<u>-</u>	<u>53,200</u>	<u>53,200</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Transportation	2,000	2,000	-	2,000
Capital Outlay	<u>56,000</u>	<u>56,000</u>	<u>54,247</u>	<u>1,753</u>
<i>Total Disbursements</i>	<u>58,000</u>	<u>58,000</u>	<u>54,247</u>	<u>3,753</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>56,000</u>	<u>56,000</u>	<u>-</u>	<u>(56,000)</u>
<i>Net Change in Fund Balance</i>	(2,000)	51,200	(1,047)	52,247
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>16,948</u>	<u>16,948</u>	<u>16,948</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 14,948</u>	<u>\$ 68,148</u>	<u>\$ 15,901</u>	<u>\$ 52,247</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
Cuyahoga County  
Statement of Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
December 31, 2011

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 96,160</u>
<i>Total Assets</i>	<u><u>\$ 96,160</u></u>
<b>Net Assets</b>	
Held in Trust for Various Deposits	\$ 90,809
Restricted for Other Purposes	<u>5,351</u>
<i>Total Net Assets</i>	<u><u>\$ 96,160</u></u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,347,133
<i>Total Assets</i>	<i>\$ 4,347,133</i>
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 415,281
Debt Service	513,952
Other Purposes	85,853
Unrestricted	3,332,047
<i>Total Net Assets</i>	<i>\$ 4,347,133</i>

See accompanying notes to the basic financial statements



**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Activities - Cash Basis**  
*For the Year Ended December 31, 2010*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Security of Persons and Property	\$ 2,959,888	\$ 70,247	\$ 3,377	\$ -	\$ (2,886,264)
Public Health Services	213,467	19,244	-	-	(194,223)
Leisure Time Activities	91,768	4,175	-	-	(87,593)
Community Environment	101,735	31,122	-	-	(70,613)
Basic Utility Services	88,951	4,704	-	-	(84,247)
Transportation	757,376	-	129,507	-	(627,869)
General Government	1,274,647	91,120	-	-	(1,183,527)
Other	197,405	-	-	-	(197,405)
Capital Outlay	180,680	-	-	103,359	(77,321)
Debt Service:					
Principal Retirement	75,326	-	-	66,682	(8,644)
Interest and Fiscal Charges	14,850	-	-	5,628	(9,222)
<b>Total Governmental Activities</b>	<b>\$ 5,956,093</b>	<b>\$ 220,612</b>	<b>\$ 132,884</b>	<b>\$ 175,669</b>	<b>(5,426,928)</b>

General Receipts:

Property Taxes Levied for:	
General Purposes	345,815
Police	25,304
Other Local Taxes	146,815
Municipal Income Taxes	4,179,403
Grants and Entitlements not Restricted to	
Specific Program	81,053
OPWC Loan Issued	12,421
Sale of Capital Assets	33,027
Cable Franchise Fees	3,254
Earnings on Investments	6,553
Miscellaneous	44,175
<b>Total General Receipts</b>	<b>4,877,820</b>
Change in Net Assets	(549,108)
<b>Net Assets Beginning of Year</b>	<b>4,896,241</b>
<b>Net Assets End of Year</b>	<b>\$ 4,347,133</b>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2010*

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Lancaster Rd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,633,399	\$ 16,948	\$ 536,668	\$ 665,261	\$ 636,890	\$ 857,967	\$ 4,347,133
<i>Total Assets</i>	<u>\$ 1,633,399</u>	<u>\$ 16,948</u>	<u>\$ 536,668</u>	<u>\$ 665,261</u>	<u>\$ 636,890</u>	<u>\$ 857,967</u>	<u>\$ 4,347,133</u>
<b>Fund Balances</b>							
Restricted	-	16,948	-	-	140,171	857,967	1,015,086
Committed	-	-	536,668	665,261	496,719	-	1,698,648
Assigned	1,564	-	-	-	-	-	1,564
Unassigned	1,631,835	-	-	-	-	-	1,631,835
<i>Total Fund Balances</i>	<u>\$ 1,633,399</u>	<u>\$ 16,948</u>	<u>\$ 536,668</u>	<u>\$ 665,261</u>	<u>\$ 636,890</u>	<u>\$ 857,967</u>	<u>\$ 4,347,133</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis**  
**Governmental Funds**  
*For the Year Ended December 31, 2010*

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Lancaster Rd. Reconstruction Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$ 4,179,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,179,403
Property Taxes	345,815	-	-	-	-	25,304	371,119
Other Local Taxes	141,446	-	-	-	-	5,369	146,815
Intergovernmental	74,286	-	103,359	-	-	139,651	317,296
Special Assessments	-	-	5,628	-	-	66,682	72,310
Charges for Services	99,239	-	-	-	-	-	99,239
Cable Franchise Fees	3,254	-	-	-	-	-	3,254
Fines, Licenses and Permits	113,905	-	-	-	-	7,468	121,373
Earnings on Investments	4,854	-	-	1,025	-	674	6,553
Miscellaneous	23,911	-	-	-	-	532	24,443
<b>Total Receipts</b>	<b>4,986,113</b>	<b>-</b>	<b>108,987</b>	<b>1,025</b>	<b>-</b>	<b>245,680</b>	<b>5,341,805</b>
<b>Disbursements</b>							
Current:							
Security of Persons and Property	2,914,573	-	-	-	-	45,315	2,959,888
Public Health Services	213,467	-	-	-	-	-	213,467
Leisure Time Activities	91,768	-	-	-	-	-	91,768
Community Environment	101,275	-	-	-	-	460	101,735
Basic Utility Services	88,951	-	-	-	-	-	88,951
Transportation	670,850	357	-	-	-	86,169	757,376
General Government	1,258,919	-	-	-	7,063	8,665	1,274,647
Capital Outlay	-	-	180,068	-	-	612	180,680
Debt Service:							
Principal Retirement	-	-	-	-	-	75,326	75,326
Interest and Fiscal Charges	-	-	-	-	-	14,850	14,850
<b>Total Disbursements</b>	<b>5,339,803</b>	<b>357</b>	<b>180,068</b>	<b>-</b>	<b>7,063</b>	<b>231,397</b>	<b>5,758,688</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(353,690)</b>	<b>(357)</b>	<b>(71,081)</b>	<b>1,025</b>	<b>(7,063)</b>	<b>14,283</b>	<b>(416,883)</b>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	21,970	-	-	-	-	11,057	33,027
OPWC Loan Issued	-	-	-	-	-	12,421	12,421
Transfers In	-	-	-	-	397,410	-	397,410
Transfers Out	-	-	(397,410)	-	-	-	(397,410)
Advances In	-	-	-	-	246,543	-	246,543
Advances Out	-	-	(246,543)	-	-	-	(246,543)
Other Financing Sources	19,580	-	152	-	-	-	19,732
Other Financing Uses	(197,405)	-	-	-	-	-	(197,405)
<b>Total Other Financing Sources (Uses)</b>	<b>(155,855)</b>	<b>-</b>	<b>(643,801)</b>	<b>-</b>	<b>643,953</b>	<b>23,478</b>	<b>(132,225)</b>
<b>Net Change in Fund Balances</b>	<b>(509,545)</b>	<b>(357)</b>	<b>(714,882)</b>	<b>1,025</b>	<b>636,890</b>	<b>37,761</b>	<b>(549,108)</b>
<b>Fund Balances Beginning of Year</b>	<b>2,142,944</b>	<b>17,305</b>	<b>1,251,550</b>	<b>664,236</b>	<b>-</b>	<b>820,206</b>	<b>4,886,241</b>
<b>Fund Balances End of Year</b>	<b>\$ 1,633,399</b>	<b>\$ 16,948</b>	<b>\$ 536,668</b>	<b>\$ 665,261</b>	<b>\$ 636,890</b>	<b>\$ 857,967</b>	<b>\$ 4,347,133</b>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$ 4,900,000	\$ 4,100,000	\$ 4,179,403	\$ 79,403
Property Taxes	330,000	343,100	345,815	2,715
Other Local Taxes	131,085	131,085	141,446	10,361
Intergovernmental	95,530	98,280	74,286	(23,994)
Charges for Services	75,600	108,570	99,239	(9,331)
Cable Franchise Fees	3,000	3,000	3,254	254
Fines, Licenses and Permits	119,000	107,700	113,905	6,205
Earnings on Investments	25,000	6,000	4,854	(1,146)
Miscellaneous	8,500	23,500	23,911	411
<i>Total Receipts</i>	<u>5,687,715</u>	<u>4,921,235</u>	<u>4,986,113</u>	<u>64,878</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	3,209,828	3,129,567	2,914,927	214,640
Public Health Services	286,045	270,845	213,467	57,378
Leisure Time Activities	125,889	128,889	91,768	37,121
Community Environment	146,990	133,010	101,275	31,735
Basic Utility Services	94,000	94,000	88,951	5,049
Transportation	839,159	803,307	672,060	131,247
General Government	1,536,332	1,463,885	1,258,919	204,966
<i>Total Disbursements</i>	<u>6,238,243</u>	<u>6,023,503</u>	<u>5,341,367</u>	<u>682,136</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(550,528)</u>	<u>(1,102,268)</u>	<u>(355,254)</u>	<u>747,014</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	5,000	15,000	21,970	6,970
Other Financing Sources	10,500	20,000	19,580	(420)
Other Financing Uses	(194,018)	(200,768)	(197,405)	3,363
<i>Total Other Financing Sources (Uses)</i>	<u>(178,518)</u>	<u>(165,768)</u>	<u>(155,855)</u>	<u>9,913</u>
<i>Net Change in Fund Balance</i>	<u>(729,046)</u>	<u>(1,268,036)</u>	<u>(511,109)</u>	<u>756,927</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	2,123,641	2,123,641	2,123,641	-
Prior Year Encumbrances Appropriated	19,303	19,303	19,303	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,413,898</u>	<u>\$ 874,908</u>	<u>\$ 1,631,835</u>	<u>\$ 756,927</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
*Cuyahoga County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**FEMA Fund**  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Disbursements</b>				
Current:				
Transportation	\$ 5,000	\$ 5,000	\$ 357	\$ 4,643
<i>Total Disbursements</i>	<u>5,000</u>	<u>5,000</u>	<u>357</u>	<u>4,643</u>
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	(357)	(4,643)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>17,305</u>	<u>17,305</u>	<u>17,305</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 12,305</u>	<u>\$ 12,305</u>	<u>\$ 16,948</u>	<u>\$ (4,643)</u>

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights, Ohio**  
 Cuyahoga County  
 Statement of Fiduciary Net Assets - Cash Basis  
 Fiduciary Funds  
 December 31, 2010

	Agency
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 92,477
<i>Total Assets</i>	\$ 92,477
<b>Net Assets</b>	
Held in Trust for Various Deposits	\$ 87,109
Restricted for Other Purposes	5,368
<i>Total Net Assets</i>	\$ 92,477

See accompanying notes to the basic financial statements

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 1 – Reporting Entity**

The Village of Brooklyn Heights, Cuyahoga 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 and the Village Charter dated November 1994.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes, performs the judicial functions of the Village and presides at Council meetings. The chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also appoints all department heads and executes all contracts, conveyances, and evidences of indebtedness of the Village.

Legislative authority is vested in a seven member council with all seven members elected at large for a term of four years. Council enacts ordinances and resolutions relating to tax levies; appropriates and borrows money; and accepts bids for materials and services and other municipal purposes. A charter amendment was passed in November 2011 which reduces council size to five beginning January 1, 2014.

***Primary Government***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Village consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government provides the following services to its citizens: a mayor’s court, police and fire protection, emergency medical, recreation, planning, zoning, street maintenance and repair, refuse collection, recycling and general administrative services.

***Component Units***

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. There are no component units included as part of this report.

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 15 to the basic financial statements.

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

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the Village’s accounting policies.

***Basis of Presentation***

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Village.

***Fund Financial Statements*** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***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 in two categories: governmental and fiduciary.



**Village of Brooklyn Heights**  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**Fund Accounting** (Continued)

**Governmental Funds** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

**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.

**FEMA Fund** - The Federal Emergency Management Agency provides public assistance funds to the Village to assist in providing emergency and permanent work projects.

**Capital Improvement Fund** - This fund receives special assessments, intergovernmental money, 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.

**Waterline/Sewerline Fund** - This fund receives interest earnings. The fund was established in 1985 by depositing \$125,000 annually for a period of six consecutive years. This fund is used for major maintenance and repairs of the waterline/sewerline systems located in the Village.

**Lancaster Road Reconstruction Fund** – This fund received transfers and advances from the Capital Improvement Fund, as well as a grant and loan from the Ohio Public Works Commission (OPWC). This fund was used to pay for the reconstruction of a portion of Lancaster Road in 2011. The remaining balance will be used to pay the remaining OPWC debt obligation.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency funds account for Mayor's Court activity and deposits from various contractors, developers, or individuals to insure compliance with various Village ordinances.

**Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Village of Brooklyn Heights**  
Cuyahoga County  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the department level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

***Cash and Investments***

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

During 2011 and 2010, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificate of deposits are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 and 2010 were \$927 and \$4,854 respectively.

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

***Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

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

***Interfund Receivables/Payables***

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for capital projects.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available

**Village of Brooklyn Heights**  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and FEMA Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end amounted to \$0 in the General Fund for 2011 and \$1,564 for 2010. There were no outstanding encumbrances for the FEMA Fund in 2011 or 2010.

**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
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**Note 5 – Deposits and Investments** (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011 and December 31, 2010, the Village had a book balance of \$4,264,756 and \$4,439,610, respectively. At December 31, 2011, \$3,795,706 (\$4,047,008 at December 31, 2010) of the Village's bank balance of \$4,295,706 (\$4,552,010 at December 31, 2010) was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

**Village of Brooklyn Heights**  
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**Note 5 – Deposits and Investments** (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2011, the Village had the following deposits:

	2011 Carrying Value	2010 Carrying Value
Demand Deposits	\$ 1,816,835	\$ 3,425,608
High Balance Savings	2,447,921	5,002
Certificates of Deposit	-	1,009,000
Total Portfolio	\$ 4,264,756	\$ 4,439,610

The high balance savings account maintains a variable interest rate which is determined daily at the bank's discretion.

**Note 6 – Income Tax**

The Village levies a municipal income tax of two percent on substantially all earned income arising from employment or business activities within the Village as well as certain income of residents earned outside of the Village. Income taxes received in 2011 and 2010 were distributed 100% into the General 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.

**Note 7 - Property Tax**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

**Village of Brooklyn Heights**  
 Cuyahoga County  
*Notes to the Basic Financial Statements*  
 For the Years Ended December 31, 2011 and 2010

**Note 7 - Property Tax (Continued)**

The full tax rate for all Village operations for the year ended December 31, 2011 and 2010 was \$4.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which the 2011 and 2010 property tax receipts were based are as follows:

	2011	2010
Real Property	\$84,684,080	\$84,793,900
Public Utility Personal Property	2,458,060	2,398,830
<b>Total</b>	<b>\$87,142,140</b>	<b>\$87,192,730</b>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 8 – Risk Management**

**Commercial Insurance**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained commercial insurance for the following risks:

Company	Type of Coverage	Coverage
Selective Insurance Company	Commercial Property	\$ 10,551,856
	General Liability	2,000,000
	Aggregate Umbrella	10,000,000
	Vehicle	1,000,000
	Employee Benefits	1,000,000
	Public Officials	1,000,000
	Law Enforcement	1,000,000
	Commercial Crime	500,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village's employee health care is provided by Medical Mutual. The Village pays a monthly premium for single, married and family coverage, along with additional HRA charges. Employees contribute 10% of premium costs.



**Village of Brooklyn Heights**  
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**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar on nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2011 and 2010, members in the state and local divisions contributed 10% of covered payroll. The Village employed no public safety members and no law enforcement members in either 2011 or 2010.

The Village's contribution rate for state and local members in 2011 and 2010 was 14% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010 and 2009 were \$167,387, \$185,984, and \$213,173 respectively. The full amount has been contributed for 2011, 2010 and 2009. There were no contributions to the member-directed plan for 2011 or 2010.

***Ohio Police and Fire Pension Fund***

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Village's contribution was 19.5% for police officers. Contribution rates are established by State statute. For 2011 and 2010, a portion of the Village's contribution equal to 6.75% of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2011, 2010 and 2009 were \$212,338, \$243,912 and \$243,446, respectively. The full amount has been contributed for each year.

**Village of Brooklyn Heights**  
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**Note 10 - Postemployment Benefits**

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1, 2010 through February 28, 2010, 5.0% from March 1, 2010 through December 31, 2010 and 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010 and 6.05% for 2011. The portion of employer contributions allocated to health care for the year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010 and 2009 were \$47,823, \$67,524 and \$89,457, respectively. The full amount has been contributed for those years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased 2006 through 2008. These rate increases allowed additional funds to be allocated to the healthcare plan.

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 10 - Postemployment Benefits** (Continued)

***Ohio Police and Fire Pension Fund***

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employees. Active members do not make contributions to the OBEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2011 and 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$73,469 for the year ended December 31, 2011; \$84,394 for the year ended December 31, 2010 and \$84,270 for the year ended December 31, 2009. The full amount has been contributed for each year.

**Village of Brooklyn Heights**  
**Cuyahoga County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

**Note 11 – Long-Term Debt**

The Village's long-term debt activity for the years ended December 31, 2011 and 2010, was as follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<b>Governmental Activities</b>						
1994 OPWC Schaaf Rd Water	0%	\$ 34,957	\$ -	\$ (9,988)	\$ 24,969	\$ 9,988
2009 OPWC Lancaster Bridge	0%	14,445	-	(802)	13,643	802
2009 OPWC Schaaf Rd Recon.	0%	86,175	-	(4,536)	81,639	4,536
2011 OPWC Lancaster Rd Recon.	0%	-	140,170	-	140,170	2,336
1993 Special Assessment Bonds	3 - 12%	210,000	-	(65,000)	145,000	77,975
Total		<u>\$ 345,577</u>	<u>\$ 140,170</u>	<u>\$ (80,326)</u>	<u>\$ 405,421</u>	<u>\$ 95,637</u>

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<b>Governmental Activities</b>						
1994 OPWC Schaaf Rd Water	0%	\$ 44,945	\$ -	\$ (9,988)	\$ 34,957	\$ 9,988
2009 OPWC Lancaster Bridge	0%	15,247	-	(802)	14,445	802
2009 OPWC Schaaf Rd Recon.	0%	78,290	12,421	(4,536)	86,175	4,536
2011 OPWC Lancaster Rd Recon.	3 - 12%	270,000	-	(60,000)	210,000	76,550
Total		<u>\$ 408,482</u>	<u>\$ 12,421</u>	<u>\$ (75,326)</u>	<u>\$ 345,577</u>	<u>\$ 91,876</u>

The December 31, 2009 principal balance was \$78,290 understated for the balance of the OPWC Schaaf Road reconstruction.

The 1994 Ohio Public Works Commission Loan (OPWC) 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 Schaaf Road W/L Replacement Loan Fund.

The 2009 Ohio Public Works Commission Loan (OPWC) relates to a project to replace the Lancaster Road culvert with a bridge. The OPWC approved \$16,049 in interest-free loans, which will be repaid in bi-annual installments of \$401 over twenty years through the Village's Lancaster Bridge Construction Fund.

The 2009 Ohio Public Works Commission Loan (OPWC) relates to a project to reconstruct Schaaf Road. The OPWC approved \$90,712 in interest-free loans, which will be repaid in bi-annual installments of \$2,268 over twenty years through the Village's Schaaf Road Reconstruction Fund.

The 2011 Ohio Public Works Commission Loan (OPWC) relates to a project to resurface Lancaster Road. The OPWC approved \$140,170 in interest-free loans, which will be repaid in bi-annual installments of \$2,336 over thirty years through the Village's Lancaster Road Reconstruction Fund.

The Special Assessment Bonds were issued for street improvements and will be repaid from the Village's West Resource Drive Debt Service Fund. The bonds were originally issued for \$900,000 and will be repaid in bi-annual installments over twenty years.

**Village of Brooklyn Heights**  
**Cuyahoga County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

**Note 11 – Long-Term Debt (Continued)**

The following is a summary of the Village's future annual debt service requirements:

Year	OPWC Schaaf Rd Water		OPWC Lancaster Rd		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 9,988	\$ -	\$ 802	\$ -	\$ 70,000	\$ 7,975
2013	9,988	-	802	-	75,000	4,125
2014	9,988	-	802	-	-	-
2015	-	-	802	-	-	-
2016	-	-	802	-	-	-
2017-2021	-	-	4,012	-	-	-
2022-2026	-	-	4,012	-	-	-
2027-2031	-	-	1,609	-	-	-
Totals	\$ 29,964	\$ -	\$ 13,643	\$ -	\$ 145,000	\$ 12,100

Year	OPWC Schaaf Rd Reconstruction		OPWC Lancaster Rd Reconstruction	
	Principal	Interest	Principal	Interest
2012	\$ 4,536	\$ -	\$ 2,336	\$ -
2013	4,536	-	4,672	-
2014	4,536	-	4,672	-
2015	4,536	-	4,672	-
2016	4,536	-	4,672	-
2017-2021	22,678	-	23,362	-
2022-2026	22,678	-	23,362	-
2027-2031	13,603	-	23,362	-
2032-2036	-	-	23,362	-
2037-2041	-	-	23,362	-
2042	-	-	2,336	-
Totals	\$ 81,639	\$ -	\$ 140,170	\$ -

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2011, were an overall debt margin of \$9,075,906 and an unvoted debt margin of \$4,754,046.

**Village of Brooklyn Heights**  
**Cuyahoga County**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2011 and 2010

**Note 12 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<b>2011</b>							
Fund Balances	General Fund	FEMA Fund	Cap. Improv. Fund	Water/Sewer Line Fund	Lancaster Recon. Fund	Other Governmental Funds	Total
<b>Restricted for</b>							
Road Improvements	-	-	-	-	\$ 140,171	\$ 274,181	\$ 414,352
Police Operations	-	-	-	-	-	39,060	39,060
Fire & EMS Operations	-	\$ 15,901	-	-	-	-	15,901
Court Technology	-	-	-	-	-	24,361	24,361
Debt Service	-	-	-	-	-	432,632	432,632
Other	-	-	-	-	-	130	130
<i>Total Restricted</i>	-	15,901	-	-	140,171	770,364	926,436
<b>Committed to</b>							
Road Improvements	-	-	\$ 547,237	\$ 666,066	\$ 320,247	-	1,533,550
<i>Total Committed</i>	-	-	547,237	666,066	320,247	-	1,533,550
Unassigned (deficits):	\$ 1,708,610	-	-	-	-	-	1,708,610
<i>Total Fund Balances</i>	\$ 1,708,610	\$ 15,901	\$ 547,237	\$ 666,066	\$ 460,418	\$ 770,364	\$ 4,168,596

<b>2010</b>							
Fund Balances	General Fund	FEMA Fund	Cap. Improv. Fund	Water/Sewer Line Fund	Lancaster Recon. Fund	Other Governmental Funds	Total
<b>Restricted for</b>							
Road Improvements	-	-	-	-	\$ 140,171	\$ 275,110	\$ 415,281
Police Operations	-	-	-	-	-	44,905	44,905
Fire & EMS Operations	-	\$ 16,948	-	-	-	-	16,948
Court Technology	-	-	-	-	-	23,910	23,910
Debt Service	-	-	-	-	-	513,952	513,952
Other	-	-	-	-	-	90	90
<i>Total Restricted</i>	-	16,948	-	-	140,171	857,967	1,015,086
<b>Committed to</b>							
Road Improvements	-	-	\$ 536,668	\$ 665,261	\$ 496,719	-	1,698,648
<i>Total Committed</i>	-	-	536,668	665,261	496,719	-	1,698,648
<b>Assigned to</b>							
Encumbrances	\$ 1,564	-	-	-	-	-	1,564
<i>Total Assigned</i>	1,564	-	-	-	-	-	1,564
Unassigned (deficits):	1,631,835	-	-	-	-	-	1,631,835
<i>Total Fund Balances</i>	\$ 1,633,399	\$ 16,948	\$ 536,668	\$ 665,261	\$ 636,890	\$ 857,967	\$ 4,347,133

**Village of Brooklyn Heights**  
**Cuyahoga County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 13 – Interfund Transfers & Advances**

During 2011 and 2010 the following transfers and advances were made:

	2011	2010
Transfer from General Fund to:		
Capital Improvements Fund	\$ 12,524	\$ -
Transfer from Capital Improvements to:		
Lancaster Road Reconstruction Fund	\$ -	\$ 397,410
Advance from Capital Improvements Fund to:		
Lancaster Road Reconstruction Fund	\$ -	\$ 246,543

The transfer from the General Fund to the Capital Improvements Fund represented an estate tax deposit which was originally deposited in the General Fund; council desired the amount to then be transferred into the Capital Improvements Fund. The transfer from the Capital Improvements Fund to the Lancaster Road Reconstruction Fund represented the Village’s share of the reconstruction project. The advance from the Capital Improvements Fund to the Lancaster Road Reconstruction Fund represented the Village’s up-front additional share of the reconstruction project, which was to be reimbursed by OPWC in the form of a grant, which will be returned to the Capital Improvements Fund in 2012, along with any excess funds resulting from the final project cost coming in below the engineer’s estimate, upon which the transfer and advance were calculated.

**Note 14 –Contingent Liabilities**

The Village is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village’s financial condition.

In addition, the Village was informed by RITA in early 2010 regarding a significant tax credit due to a taxpayer. The amount remains in contention, and the Village is exhausting every opportunity to make sure that any refund is the correct amount. The current amount in contention cannot be publicly quantified at this time.

**Note 15 – Jointly Governed Organization**

***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 over 100 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.

**Village of Brooklyn Heights**  
Cuyahoga County  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 15 – Jointly Governed Organization** (Continued)

***Northeast Ohio Public Energy Council*** (Continued)

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 2011 or 2010. Financial information can be obtained by contacting, NOPEC, 1615 Clarke Avenue, Cleveland, Ohio 44109.

***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 contributed \$15,000 in both 2011 and 2010 to the Southwest Council of Governments.

The Council has established two subsidiary organizations, the Hazardous Material Response Team (“HAZMAT”) 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.

***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 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 2011 or 2010.



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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Brooklyn Heights  
Cuyahoga County  
345 Tuxedo Road  
Brooklyn Heights, Ohio 44131

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, (the Village ), Cuyahoga County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village 's basic financial statements and have issued our report thereon dated July 11, 2012, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. Also, we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiency in internal control over financial reporting, that we consider a material weakness.

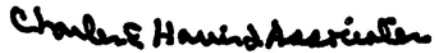
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

### Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters we must report under *Government Auditing Standards*.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.



**Charles E. Harris and Associates, Inc.**

July 11, 2012

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY, OHIO  
Schedule of Findings  
For the Years Ending December 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2011-01**

**Material Weakness**

During 2010 and 2011, several entries in the books either required reclassification or were unrecorded. Also, several items were reclassified to conform to various accounting standards. These items included but were not limited to:

- An OPWC grant/loan was booked to Intergovernmental revenue, whereby a portion of the entry should have been posted to Proceeds of loans;
- The previous year debt balance was understated due to part of the receipt being a grant rather than a loan;
- Capital outlay was booked to Transportation expenditure;
- Net Assets restricted balances were adjusted to fit the definition in Governmental Accounting Standards Board (GASB) Statement No. 34;
- Fund balances were adjusted to fit the definitions in GASB 54;
- Budgetary statements in the annual report were adjusted to reflect proper activity;
- Grants and Entitlements not Restricted to Specific Programs were reclassified in the annual report;
- Transfers in and out were adjusted to reflect proper activity;

The financial statements were adjusted to reflect the proper accounting classifications. We recommend that the Village use more caution to ensure all activities of the Village are recorded accurately. Also, all direct pay OPWC loans/grants should be recorded as Intergovernmental revenue/Proceeds of loans with a corresponding expense to Capital Outlay. Management should refer to the Village Officers' Handbook to ensure proper fund and account classification.

**Management's Response:**

Prior to this 2010-11 audit cycle, the State of Ohio performed the Village's audits. Some of the issues encountered by this audit's IPA arose because classifications and formats used historically were not met to the IPA's satisfaction. Other citations arose from errors caused by the Clerk/Treasurer's relative inexperience. Most citations were simple one-time errors or misclassifications which will not be repeated - especially with the use of the IPA's template when preparing future financial statements. All issues brought forward by the IPA have been adjusted in accordance with their guidance and management's approval in order to create financial statements which accurately portray the Village's financial position.

**VILLAGE OF BROOKLYN HEIGHTS  
CUYAHOGA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS  
December 31, 2011 and 2010**

The prior audit report, for the years ending December 31, 2009 and 2008, reported no material citations or recommendations.



# Dave Yost • Auditor of State

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  
DECEMBER 27, 2012