

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

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Brooklyn Heights, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 18, 2016

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**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY**

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VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY

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INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village), as of and for the year ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the budgetary comparison for the General Fund and the FEMA Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 the financial statements, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 9, 2016

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

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, 2015 and December 31, 2014, 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 2015 and 2014 are as follows:

Net position of governmental activities in 2015 decreased \$881,745, or 28.6 percent, from the prior year. Net position of government activities in 2014 decreased \$625,626, or 16.9 percent. The funds most affected by the decrease in cash and cash equivalents were the General Fund and capital projects funds.

The Village's general receipts are primarily municipal income and property taxes. For 2015, these receipts represent 86.9 and 6.1 percent (85.1 and 6.3 percent for 2014) respectively of the total cash received for governmental activities during the year. Property tax receipts for 2014 increased slightly over 2013 amounts, while municipal income tax decreased by \$329,402 in 2014 but increased \$171,333 in 2015.

The total governmental disbursements 2015 were \$123,035 more than the prior year. For 2014, the total governmental disbursements were \$210,690 less than the prior year. Disbursements decreased in 2014 due to a decrease in capital expenditures, and increased in 2015 due to increased capital expenditures and employee wage increases.

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 position and the statement of activities provide information about the cash activities of the Village 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.

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

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 position and the statement of activities reflect how the Village did financially during 2015 and 2014, within the limitations of the cash basis accounting. The statement of net position 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 position 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 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.

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2015 compared to 2014, and 2014 compared to 2013 on a cash basis:

(Table 1)

	Governmental Activities		
	2015	2014	2013
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,203,866	\$ 3,085,611	\$ 3,711,237
<i>Total Assets</i>	\$ 2,203,866	\$ 3,085,611	\$ 3,711,237
Net Position			
Restricted for:			
Capital Projects	\$ 420,977	\$ 431,392	\$ 443,251
Debt Service	197,903	207,914	217,913
Other Purposes	130,398	99,392	75,004
Unrestricted	1,454,588	2,346,913	2,975,069
<i>Total Net Position</i>	\$ 2,203,866	\$ 3,085,611	\$ 3,711,237

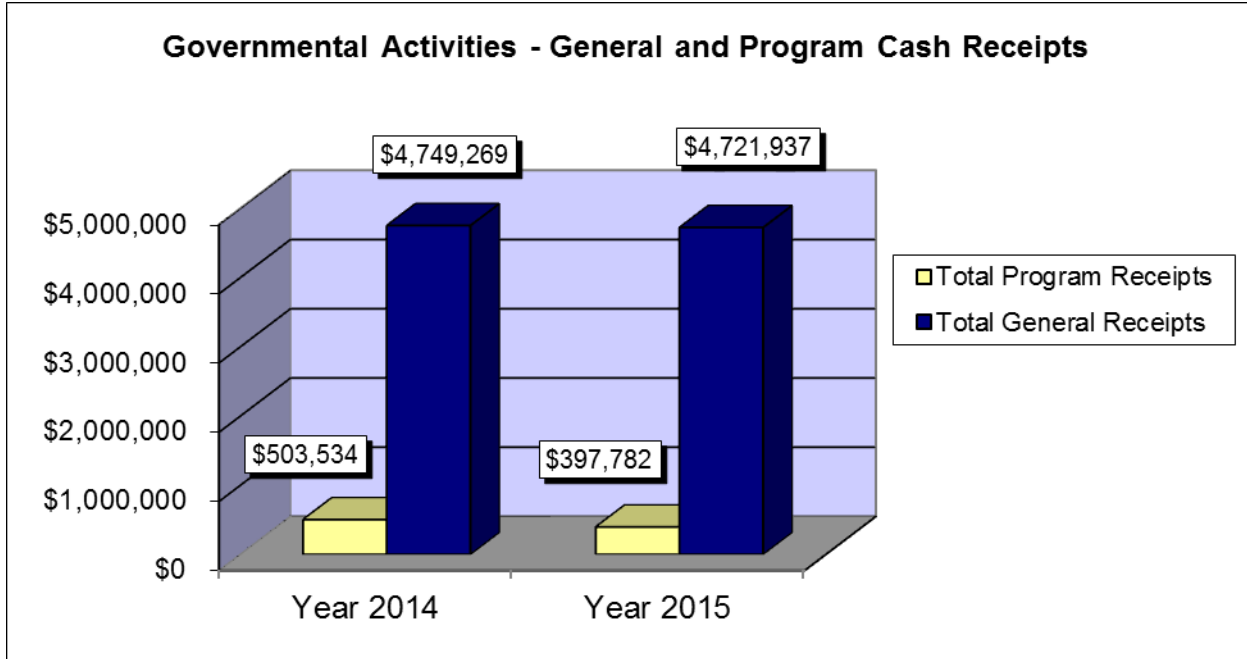
As mentioned previously, net position of governmental activities decreased \$881,745 or 28.6 percent during 2015 and \$625,626 or 16.9 percent for 2014. The primary reasons contributing to the decreases in cash balances are as follows were decreasing receipts in the General Fund compounded with increased personnel costs, utilization of General Fund dollars towards capital projects, and increased health insurance premiums of approximately 13% per year, which results in a compounding increase of approximately \$50,000 each year.

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

Table 2 provides a summary of the Village's changes in net position for 2015 compared to 2014, and 2014 compared to 2013 on a cash basis:

(Table 2)			
Changes in Position			
	Governmental Activities		
	2015	2014	2013
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 246,518	\$ 249,803	\$ 236,093
Operating Grants and Contributions	151,264	135,123	132,419
Capital Grants and Contributions	-	118,608	30,601
Total Program Receipts	397,782	503,534	399,113
General Receipts:			
Property Taxes	335,628	339,278	326,295
Other Local Taxes	29,483	38,008	38,457
Municipal Income Taxes	4,453,882	4,282,549	4,611,951
Grants and Entitlements Not Restricted to Other Programs	54,020	99,963	354,378
Sales of Capital Assets	5,741	7,110	6,635
Cable Franchise Fees	6,217	6,948	6,116
Earnings on Investments	-	5,515	7,368
Miscellaneous	-	-	77,516
Total General Receipts	4,884,971	4,779,371	5,428,716
Total Receipts	5,282,753	5,282,905	5,827,829
Disbursements:			
Current:			
Security of Persons and Property	3,046,611	2,884,201	2,875,911
Public Health Services	230,636	226,600	22,764
Leisure Time Activities	81,878	82,066	101,901
Community Environment	40,773	44,820	43,181
Basic Utility Services	89,840	86,709	85,126
Transportation	810,126	805,124	666,445
General Government	1,266,636	1,240,533	1,428,793
Other Expenses	163,034	30,101	-
Capital Outlay	424,952	498,378	565,875
Debt Service:			
Principal Retirement	10,010	9,999	94,998
Interest and Fiscal Charges	-	-	4,125
Total Disbursements	6,164,496	5,908,531	6,089,119
Increase (Decrease) in Net Position	(881,743)	(625,626)	(261,290)
Net Position January 1	3,085,611	3,711,237	3,972,527
Net Position, December 31	\$ 2,203,868	\$ 3,085,611	\$ 3,711,237

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited



Program receipts represent only 7.8 percent for 2015 (9.6 percent for 2014) 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 92.2 percent for 2015 (90.4 percent for 2014) of the Village's total receipts, and of this amount, 101.4 percent for 2015 (97.3 percent for 2014) 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. The percentage for 2015 exceeds 100% because the general receipt calculation is reduced by Other Financing Uses. The Other Financing Uses for 2015 exceeded the non-income tax and non-property tax receipts, which effectively reduces the General receipts denominator below the total of income tax and property tax.

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.

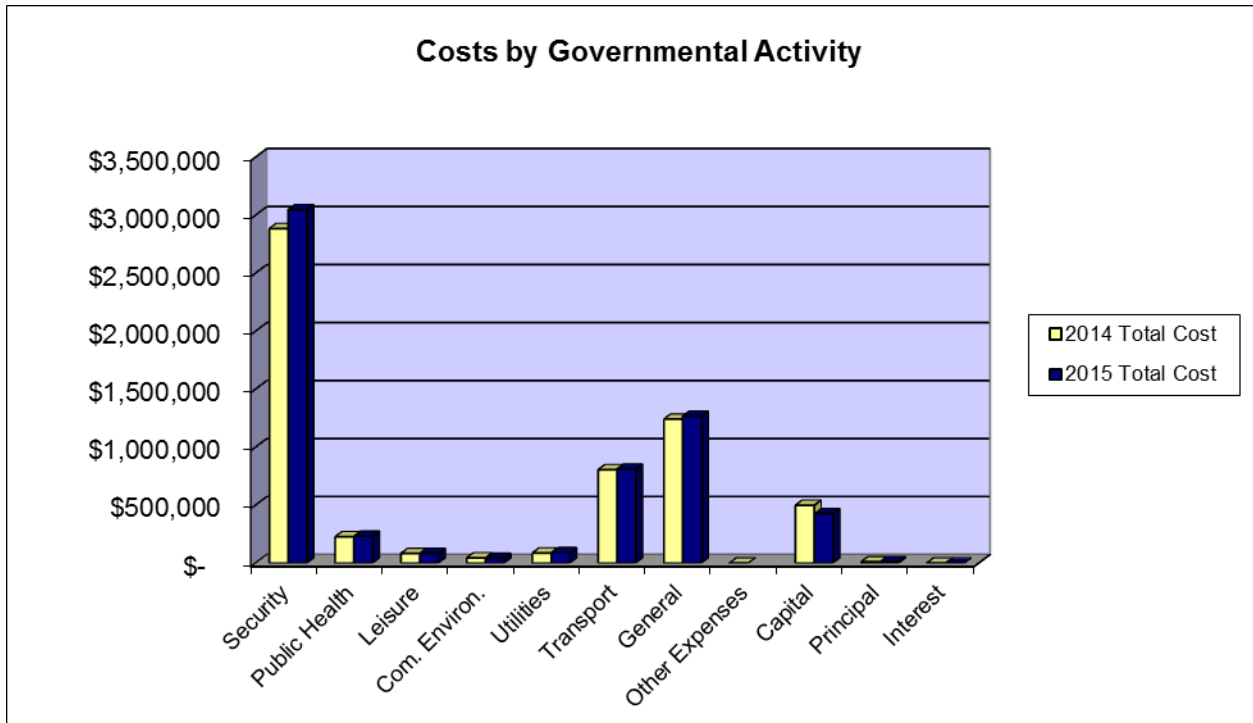
Security of Persons and Property are the costs of police and fire protection; Public Health Services are the costs of the health/community services department; Leisure Time Activities are the costs of maintaining the parks and playing fields; Community Environment promotes the Village to industry and 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 11 and 18, 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 50.8 percent for 2015 (49.1 percent for 2014) of all governmental disbursements, respectively. General Government also represents a significant cost, 21.1 percent for 2015 (also 21.1 percent for 2014). 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.

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

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 2015 and 2014 is presented in the following chart.



The Government's Funds

Total governmental funds had receipts of \$5,310,000 for 2015 (\$5,335,921 for 2014) and disbursements of \$6,001,464 for 2015 (\$5,878,430 for 2014). The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased by \$468,870 in 2014 and further by \$480,282 in 2015. The decrease is primarily attributed to lower income tax receipts, a significant net profit tax refund, increased personnel costs, and increased reliance on the General Fund to pay for capital improvements. The Waterline/Sewerline Fund decreased by \$180,000 in 2014 due to a capital project. The Capital Improvements Fund increased by \$20,715 in 2014, but decreased by \$412,042 in 2015 due to capital projects. The other remaining governmental funds remained fairly stable throughout 2014 and 2015.

Village of Brooklyn Heights
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2015 and 2014
Unaudited

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 fund is the General Fund.

During 2015 and 2014, 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 \$5,598,075 for 2015 (\$5,716,323 for 2014) while actual disbursements were \$5,407,494 for 2015 (\$5,212,745 for 2014).

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, 2015 and 2014:

	2015	2014
<u>Governmental Activities</u>		
OPWC Lancaster Bridge	\$ 10,835	\$ 11,637
OPWC Schaff Road Reconstruction	65,764	70,300
OPWC Lancaster Road Reconstruction	123,818	128,490
Total	\$ 200,417	\$ 210,427

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, local government revenue, and property tax revenues are expected to remain fairly constant. With the significant net profit tax credit refund having been fully repaid in 2015, income tax receipts are expected to increase above 2014 and 2015 levels.

The administration has proven an ability to lead this Village through a period of declining revenue, with operating surpluses in the General Fund in 2011, 2012 and 2013. However, recent challenges with income tax receipts have resulted in the need to utilize surplus funds for operations. Additionally, the need for capital project funds continues to far exceed the funds available. The administration is beginning to consider solutions to the capital project funding gap.

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 Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,203,866
<i>Total Assets</i>	\$ 2,203,866
 Net Position	
Restricted for:	
Capital Projects	\$ 420,977
Debt Service	197,903
Other Purposes	130,398
Unrestricted	1,454,588
<i>Total Net Position</i>	\$ 2,203,866

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, 2015

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$ 3,046,611	\$ 58,992	\$ 2,461	\$ (2,985,158)
Public Health Services	230,636	12,370	-	(218,266)
Leisure Time Activities	81,878	5,875	-	(76,003)
Community Environment	40,774	49,758	-	8,984
Basic Utility Services	89,840	3,173	-	(86,667)
Transportation	810,126	245	148,265	(661,616)
General Government	1,266,636	116,105	538	(1,149,993)
Other	163,034	-	-	(163,034)
Capital Outlay	424,953	-	-	(424,953)
Debt Service:				
Principal Retirement	10,010	-	-	(10,010)
Total Governmental Activities	\$ 6,164,498	\$ 246,518	\$ 151,264	(5,766,716)

General Receipts:	
Property Taxes Levied for:	
General Purposes	312,744
Police	22,884
Other Local Taxes	29,483
Municipal Income Taxes	4,453,882
Grants and Entitlements not Restricted to	
Specific Program	54,020
Sale of Capital Assets	5,741
Cable Franchise Fees	6,217
Total General Receipts	4,884,971
Change in Net Position	(881,745)
<i>Net Position Beginning of Year</i>	<u>3,085,611</u>
<i>Net Position End of Year</i>	<u><u>\$ 2,203,866</u></u>

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, 2015

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 823,442	\$ 15,540	\$ 144,742	\$ 486,405	\$ 733,737	\$ 2,203,866
<i>Total Assets</i>	<u>\$ 823,442</u>	<u>\$ 15,540</u>	<u>\$ 144,742</u>	<u>\$ 486,405</u>	<u>\$ 733,737</u>	<u>\$ 2,203,866</u>
Fund Balances						
Restricted	-	15,540	-	-	733,737	749,277
Committed	-	-	144,742	486,405	-	631,147
Unassigned	823,442	-	-	-	-	823,442
<i>Total Fund Balances</i>	<u>\$ 823,442</u>	<u>\$ 15,540</u>	<u>\$ 144,742</u>	<u>\$ 486,405</u>	<u>\$ 733,737</u>	<u>\$ 2,203,866</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, 2015

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 4,453,882	\$ -	\$ -	\$ -	\$ -	\$ 4,453,882
Property Taxes	312,744	-	-	-	22,884	335,628
Other Local Taxes	28,812	-	-	-	671	29,483
Intergovernmental	52,359	-	-	-	152,925	205,284
Charges for Services	92,734	-	-	-	-	92,734
Cable Franchise Fees	6,217	-	-	-	-	6,217
Fines, Licenses and Permits	147,655	-	-	-	6,130	153,785
Miscellaneous	28,830	-	-	-	4,157	32,987
<i>Total Receipts</i>	<u>5,123,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,767</u>	<u>5,310,000</u>
Disbursements						
Current:						
Security of Persons and Property	3,035,443	-	-	-	11,168	3,046,611
Public Health Services	230,636	-	-	-	-	230,636
Leisure Time Activities	81,878	-	-	-	-	81,878
Community Environment	40,301	-	-	-	473	40,774
Basic Utility Services	89,840	-	-	-	-	89,840
Transportation	665,747	-	-	-	144,379	810,126
General Government	1,263,649	-	1,039	-	1,948	1,266,636
Capital Outlay	-	-	416,745	-	8,208	424,953
Debt Service:						
Principal Retirement	-	-	-	-	10,010	10,010
<i>Total Disbursements</i>	<u>5,407,494</u>	<u>-</u>	<u>417,784</u>	<u>-</u>	<u>176,186</u>	<u>6,001,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(284,261)	-	(417,784)	-	10,581	(691,464)
Other Financing Sources (Uses)						
Sale of Capital Assets	-	-	5,741	-	-	5,741
Other Financing Sources	8,177	-	-	-	-	8,177
Other Financing Uses	(204,199)	-	-	-	-	(204,199)
<i>Total Other Financing Sources (Uses)</i>	<u>(196,022)</u>	<u>-</u>	<u>5,741</u>	<u>-</u>	<u>-</u>	<u>(190,281)</u>
<i>Net Change in Fund Balances</i>	(480,283)	-	(412,043)	-	10,581	(881,745)
<i>Fund Balances Beginning of Year</i>	<u>1,303,725</u>	<u>15,540</u>	<u>556,785</u>	<u>486,405</u>	<u>723,156</u>	<u>3,085,611</u>
<i>Fund Balances End of Year</i>	<u>\$ 823,442</u>	<u>\$ 15,540</u>	<u>\$ 144,742</u>	<u>\$ 486,405</u>	<u>\$ 733,737</u>	<u>\$ 2,203,866</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
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 4,509,208	\$ 4,509,208	\$ 4,453,882	\$ (55,326)
Property Taxes	316,000	316,000	312,744	(3,256)
Local Taxes	37,000	37,000	28,812	(8,188)
Intergovernmental	55,300	55,300	52,359	(2,941)
Charges for Services	114,500	114,500	92,734	(21,766)
Cable Franchise Fee	7,000	7,000	6,217	(783)
Fines, Licenses and Permits	129,000	129,000	147,655	18,655
Earnings on Investments	2,000	2,000	-	(2,000)
Miscellaneous	10,500	10,500	28,830	18,330
<i>Total Receipts</i>	<u>5,180,508</u>	<u>5,180,508</u>	<u>5,123,233</u>	<u>(57,275)</u>
Disbursements				
Current:				
Security of Persons and Property	2,993,230	3,102,480	3,035,443	67,037
Public Health Services	253,384	249,434	230,636	18,798
Leisure Time Activities	98,031	89,831	81,878	7,953
Community Environment	27,140	49,240	40,301	8,939
Basic Utility Services	90,500	90,500	89,840	660
Transportation	731,086	698,066	665,747	32,319
General Government	1,323,134	1,317,524	1,263,649	53,875
<i>Total Disbursements</i>	<u>5,516,505</u>	<u>5,597,075</u>	<u>5,407,494</u>	<u>189,581</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(335,997)	(416,567)	(284,261)	132,306
Other Financing Sources (Uses)				
Other Financing Sources	17,000	17,000	8,177	(8,823)
Other Financing Uses	(160,000)	(204,200)	(204,199)	1
<i>Total Other Financing Sources (Uses)</i>	<u>(143,000)</u>	<u>(187,200)</u>	<u>(196,022)</u>	<u>(8,822)</u>
<i>Net Change in Fund Balance</i>	(478,997)	(603,767)	(480,283)	123,484
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>1,303,725</u>	<u>1,303,725</u>	<u>1,303,725</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 824,728</u>	<u>\$ 699,958</u>	<u>\$ 823,442</u>	<u>\$ 123,484</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<i>Total Receipts</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements				
Current:				
General Government	3,000	3,000	-	3,000
<i>Total Disbursements</i>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	(3,000)	(3,000)	-	(3,000)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>15,540</u>	<u>15,540</u>	<u>15,540</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 12,540</u>	<u>\$ 12,540</u>	<u>\$ 15,540</u>	<u>\$ (3,000)</u>

See accompanying notes to the basic financial statements

Village of Brooklyn Heights, Ohio
 Cuyahoga County
 Statement of Fiduciary Net Position - Cash Basis
 Fiduciary Funds
 December 31, 2015

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 151,500
<i>Total Assets</i>	\$ 151,500
Net Position	
Held in Trust for Various Deposits	\$ 146,934
Held for Other Purposes	4,566
<i>Total Net Position</i>	\$ 151,500

See accompanying notes to the basic financial statements

Village of Brooklyn Heights, Ohio
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,085,611
<i>Total Assets</i>	<u>\$ 3,085,611</u>
 Net Position	
Restricted for:	
Capital Projects	\$ 431,392
Debt Service	207,914
Other Purposes	99,392
Unrestricted	<u>2,346,913</u>
<i>Total Net Position</i>	<u>\$ 3,085,611</u>

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, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Security of Persons and Property	\$ 2,884,201	\$ 70,504	\$ 1,684	\$ -	\$ (2,812,013)
Public Health Services	226,600	13,188	-	-	(213,412)
Leisure Time Activities	82,066	5,930	-	-	(76,136)
Community Environment	44,820	44,141	-	-	(679)
Basic Utility Services	86,709	4,113	-	-	(82,596)
Transportation	805,124	285	133,215	-	(671,624)
General Government	1,240,533	111,642	224	-	(1,128,667)
Other	30,101	-	-	-	(30,101)
Capital Outlay	498,378	-	-	118,608	(379,770)
Debt Service:					
Principal Retirement	9,999	-	-	-	(9,999)
Total Governmental Activities	\$ 5,908,531	\$ 249,803	\$ 135,123	\$ 118,608	(5,404,997)

General Receipts:

Property Taxes Levied for:

General Purposes	316,145
Police	23,133
Other Local Taxes	38,008
Municipal Income Taxes	4,282,549
Grants and Entitlements not Restricted to Specific Program	99,963
Sale of Capital Assets	7,110
Cable Franchise Fees	6,948
Earnings on Investments	5,515

Total General Receipts

4,779,371

Change in Net Position

(625,626)

Net Position Beginning of Year

3,711,237

Net Position End of Year

\$ 3,085,611

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, 2014

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,303,725	\$ 15,540	\$ 556,785	\$ 486,405	\$ 723,156	\$ 3,085,611
<i>Total Assets</i>	<u>\$ 1,303,725</u>	<u>\$ 15,540</u>	<u>\$ 556,785</u>	<u>\$ 486,405</u>	<u>\$ 723,156</u>	<u>\$ 3,085,611</u>
Fund Balances						
Restricted	-	15,540	-	-	723,156	738,696
Committed	-	-	556,785	486,405	-	1,043,190
Unassigned	1,303,725	-	-	-	-	1,303,725
<i>Total Fund Balances</i>	<u>\$ 1,303,725</u>	<u>\$ 15,540</u>	<u>\$ 556,785</u>	<u>\$ 486,405</u>	<u>\$ 723,156</u>	<u>\$ 3,085,611</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, 2014

	General	FEMA Fund	Capital Improvement Fund	Waterline/ Sewerline Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 4,282,549	\$ -	\$ -	\$ -	\$ -	\$ 4,282,549
Property Taxes	316,145	-	-	-	23,133	339,278
Other Local Taxes	36,666	-	-	-	1,342	38,008
Intergovernmental	96,803	-	118,608	-	138,282	353,693
Charges for Services	108,806	-	-	-	-	108,806
Cable Franchise Fees	6,948	-	-	-	-	6,948
Fines, Licenses and Permits	123,751	-	-	-	17,246	140,997
Earnings on Investments	4,763	-	-	-	752	5,515
Miscellaneous	56,391	-	-	-	3,736	60,127
<i>Total Receipts</i>	<u>5,032,822</u>	<u>-</u>	<u>118,608</u>	<u>-</u>	<u>184,491</u>	<u>5,335,921</u>
Disbursements						
Current:						
Security of Persons and Property	2,854,283	-	-	-	29,918	2,884,201
Public Health Services	226,600	-	-	-	-	226,600
Leisure Time Activities	82,066	-	-	-	-	82,066
Community Environment	44,415	-	-	-	405	44,820
Basic Utility Services	86,709	-	-	-	-	86,709
Transportation	683,939	-	-	-	121,185	805,124
General Government	1,234,733	361	-	-	5,439	1,240,533
Capital Outlay	-	-	413,723	70,000	14,655	498,378
Debt Service:						
Principal Retirement	-	-	-	-	9,999	9,999
<i>Total Disbursements</i>	<u>5,212,745</u>	<u>361</u>	<u>413,723</u>	<u>70,000</u>	<u>181,601</u>	<u>5,878,430</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(179,923)	(361)	(295,115)	(70,000)	2,890	(542,509)
Other Financing Sources (Uses)						
Sale of Capital Assets	1,280	-	5,830	-	-	7,110
Transfers In	-	-	310,000	-	-	310,000
Transfers Out	(160,000)	-	-	(150,000)	-	(310,000)
Other Financing Sources	30,805	-	-	40,000	-	70,805
Other Financing Uses	(161,032)	-	-	-	-	(161,032)
<i>Total Other Financing Sources (Uses)</i>	<u>(288,947)</u>	<u>-</u>	<u>315,830</u>	<u>(110,000)</u>	<u>-</u>	<u>(83,117)</u>
<i>Net Change in Fund Balances</i>	(468,870)	(361)	20,715	(180,000)	2,890	(625,626)
<i>Fund Balances Beginning of Year</i>	<u>1,772,595</u>	<u>15,901</u>	<u>536,070</u>	<u>666,405</u>	<u>720,266</u>	<u>3,711,237</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,303,725</u>	<u>\$ 15,540</u>	<u>\$ 556,785</u>	<u>\$ 486,405</u>	<u>\$ 723,156</u>	<u>\$ 3,085,611</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
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 4,612,000	\$ 4,612,000	\$ 4,282,549	\$ (329,451)
Property Taxes	322,294	322,294	316,145	(6,149)
Local Taxes	38,325	38,325	36,666	(1,659)
Intergovernmental	56,447	56,447	96,803	40,356
Charges for Services	97,565	97,565	108,806	11,241
Cable Franchise Fee	6,300	6,300	6,948	648
Fines, Licenses and Permits	165,080	165,080	123,751	(41,329)
Earnings on Investments	6,400	6,400	4,763	(1,637)
Miscellaneous	12,600	12,600	56,391	43,791
<i>Total Receipts</i>	5,317,011	5,317,011	5,032,822	(284,189)
Disbursements				
Current:				
Security of Persons and Property	2,880,205	2,959,206	2,854,283	104,923
Public Health Services	251,599	268,420	226,600	41,820
Leisure Time Activities	82,417	90,727	82,066	8,661
Community Environment	50,110	57,360	44,415	12,945
Basic Utility Services	87,500	91,000	86,709	4,291
Transportation	620,638	686,215	683,939	2,276
General Government	1,484,275	1,563,395	1,234,733	328,662
<i>Total Disbursements</i>	5,456,744	5,716,323	5,212,745	503,578
<i>Excess of Receipts Over (Under) Disbursements</i>	(139,733)	(399,312)	(179,923)	219,389
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,280	1,280
Transfers Out	(40,000)	(160,000)	(160,000)	-
Other Financing Sources	14,500	14,500	30,805	16,305
Other Financing Uses	(50,000)	(1,671)	(161,032)	(159,361)
<i>Total Other Financing Sources (Uses)</i>	(75,500)	(147,171)	(288,947)	(141,776)
<i>Net Change in Fund Balance</i>	(215,233)	(546,483)	(468,870)	77,613
<i>Unencumbered Fund Balance Beginning of Year</i>	1,772,595	1,772,595	1,772,595	-
<i>Unencumbered Fund Balance End of Year</i>	\$ 1,557,362	\$ 1,226,112	\$ 1,303,725	\$ 77,613

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<i>Total Receipts</i>	-	-	-	-
Disbursements				
Current:				
General Government	3,000	3,000	361	2,639
<i>Total Disbursements</i>	3,000	3,000	361	2,639
<i>Net Change in Fund Balance</i>	(3,000)	(3,000)	(361)	(2,639)
<i>Unencumbered Fund Balance Beginning of Year</i>	15,901	15,901	15,901	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 12,901</u>	<u>\$ 12,901</u>	<u>\$ 15,540</u>	<u>\$ (2,639)</u>

See accompanying notes to the basic financial statements

Village of Brooklyn Heights, Ohio
Cuyahoga County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 98,492</u>
<i>Total Assets</i>	<u><u>\$ 98,492</u></u>
Net Position	
Held in Trust for Various Deposits	\$ 93,834
Held for for Other Purposes	<u>4,658</u>
<i>Total Net Position</i>	<u><u>\$ 98,492</u></u>

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, 2015 and 2014

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 five member council with all five 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.

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
For the Years Ended December 31, 2015 and 2014

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. 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 position 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 position 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 position 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
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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.

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 position and changes in net position. 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
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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 2014, the Village invested in nonnegotiable certificates of deposit in the form of a CDARS product. The nonnegotiable certificates of deposit are reported at aggregate cost. The Village did not invest in 2015, as all funds were required to be held in the checking account to minimize bank fees.

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 2015 and 2014 were \$0 and \$5,515 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
For the Years Ended December 31, 2015 and 2014

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 Position

Net position 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 position restricted for other purposes include resources restricted for roads and other 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 position are available

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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
For the Years Ended December 31, 2015 and 2014

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

The Village has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities and enhances footnote disclosure. The implementation of GASB Statement No. 68 did not affect the Village's beginning net position.

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 between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no outstanding encumbrances for the General Fund and FEMA Fund in 2015 or 2014.

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
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For the Years Ended December 31, 2015 and 2014

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, 2015 and 2014, the Village had a book balance of \$2,355,366 and \$3,184,103, respectively. At December 31, 2015, \$2,213,156 (\$2,733,018 at December 31, 2014) of the Village's bank balance of \$2,463,156 (\$3,233,018 at December 31, 2014). None of the balances were exposed to custodial risk.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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.

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 2015 and 2014 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 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2015 with real property taxes.

Village of Brooklyn Heights
 Cuyahoga County
Notes to the Basic Financial Statements
 For the Years Ended December 31, 2015 and 2014

Note 7 - Property Tax (Continued)

The full tax rate for all Village operations for the year ended December 31, 2015 and 2014 was \$4.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which the 2015 and 2014 property tax receipts were based are as follows:

	2015	2014
Real Property	\$79,585,330	\$80,092,870
Public Utility Personal Property	3,168,810	3,020,270
Total	\$82,754,140	\$83,113,140

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	\$ 11,893,329
	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 contributed 13% of premium costs in 2015.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

Village employees, other than full-time police and most part-time firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Village of Brooklyn Heights
 Cuyahoga County
Notes to the Basic Financial Statements
 For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (Continued)

	State	
	and Local	
2015 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2015 Actual Contribution Rates		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
Total Employer	14.0	%
Employee	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$185,912 for year 2015 and \$186,055 for 2014.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)- (continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police		Firefighters	
2015 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2015 through July 1, 2015	11.50	%	11.50	%
July 2, 2015 through December 31, 2015	12.25	%	12.25	%
2015 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee:				
January 1, 2015 through July 1, 2015	11.50	%	11.50	%
July 2, 2015 through December 31, 2015	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$213,859 for 2015 and \$200,715 for 2014.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits- (continued)

Ohio Public Employees Retirement System

The portion of your employer contributions that were used to fund post-employment health benefits were \$26,569 in 2015.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit 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 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 health care coverage to eligible participants and to establish and amend benefits 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the 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 into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2015 through December 31, 2015. The amount of employer contributions allocated to the health care 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).

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits- (continued)

Ohio Police and Fire Pension Fund

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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 of Brooklyn Heights contributions to OP&F for the years ending December 31, 2015, 2014, and 2013 were \$213,859, \$200,715 and \$210,549, respectively, of which \$5,560, \$5,219 and \$39,075, respectively, was allocated to the healthcare plan.

Note 11 – Long-Term Debt

The Village's long-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

	Interest Rate	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Governmental Activities						
2009 OPWC Lancaster Bridge	0%	\$ 11,637	\$ -	\$ (802)	\$ 10,835	\$ 802
2009 OPWC Schaaf Rd Recon.	0%	70,300	-	(4,536)	65,764	4,536
2011 OPWC Lancaster Rd Recon.	0%	128,490	-	(4,672)	123,818	4,672
Total		\$ 210,427	\$ -	\$ (10,010)	\$ 200,417	\$ 10,010
Governmental Activities						
1994 OPWC Schaaf Rd Water	0%	\$ 4,993	\$ -	\$ (4,993)	\$ -	\$ -
2009 OPWC Lancaster Bridge	0%	12,038	-	(401)	11,637	802
2009 OPWC Schaaf Rd Recon.	0%	72,569	-	(2,269)	70,300	4,536
2011 OPWC Lancaster Rd Recon.	0%	130,826	-	(2,336)	128,490	4,672
Total		\$ 220,426	\$ -	\$ (9,999)	\$ 210,427	\$ 10,010

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. This loan was repaid in 2014.

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 though the Village's Lancaster Road Reconstruction Fund.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 11 – Long-Term Debt (Continued)

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

Year	OPWC	OPWC	OPWC
	Lancaster Rd Principal	Lancaster Rd Reconstruction Principal	Schaaf Rd Reconstruction Principal
2016	\$ 802	\$ 4,672	\$ 4,536
2017	802	4,672	4,536
2018	802	4,672	4,536
2019	802	4,672	4,536
2020	802	4,672	4,536
2021-2025	4,012	23,362	22,678
2026-2030	2,813	23,362	20,406
2031-2035	-	23,362	-
2036-2040	-	23,362	-
2041-2042	-	7,010	-
Totals	\$ 10,835	\$ 123,818	\$ 65,764

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, 2015, were an overall debt margin of \$8,689,185 and an unvoted debt margin of \$4,551,478.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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:

2015								
Fund Balances	General Fund	FEMA Fund	Cap. Improv. Fund	Water/Sewer Line Fund	Other Governmental Funds	Total		
Restricted for								
Road Improvements	-	-	-	-	\$ 420,977	\$	420,977	
Police Operations	-	-	-	-	93,685		93,685	
Fire & EMS Operations	-	\$ 15,540	-	-	-		15,540	
Court Technology	-	-	-	-	19,616		19,616	
Debt Service	-	-	-	-	197,903		197,903	
Other	-	-	-	-	1,556		1,556	
<i>Total Restricted</i>	-	15,540	-	-	733,737		749,277	
Committed to								
Road Improvements	-	-	\$ 144,742	\$ 486,405	-		631,147	
<i>Total Committed</i>	-	-	144,742	486,405	-		631,147	
Unassigned	\$ 823,442	-	-	-	-		823,442	
<i>Total Fund Balances</i>	\$ 823,442	\$ 15,540	\$ 144,742	\$ 486,405	\$ 733,737		\$ 2,203,866	

2014								
Fund Balances	General Fund	FEMA Fund	Cap. Improv. Fund	Water/Sewer Line Fund	Other Governmental Funds	Total		
Restricted for								
Road Improvements	-	-	-	-	\$ 431,393	\$	431,393	
Police Operations	-	-	-	-	66,289		66,289	
Fire & EMS Operations	-	\$ 15,540	-	-	-		15,540	
Court Technology	-	-	-	-	16,002		16,002	
Debt Service	-	-	-	-	207,913		207,913	
Other	-	-	-	-	1,558		1,558	
<i>Total Restricted</i>	-	15,540	-	-	723,156		738,696	
Committed to								
Road Improvements	-	-	\$ 556,785	\$ 486,405	-		1,043,190	
<i>Total Committed</i>	-	-	556,785	486,405	-		1,043,190	
Assigned to								
Encumbrances	\$ -	-	-	-	-		-	
<i>Total Assigned</i>	-	-	-	-	-		-	
Unassigned	1,303,725	-	-	-	-		1,303,725	
<i>Total Fund Balances</i>	\$ 1,303,725	\$ 15,540	\$ 556,785	\$ 486,405	\$ 723,156		\$ 3,085,611	

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 13 – Interfund Transfers & Advances

During 2014, the Village transferred \$160,000 from the General Fund to the Capital Improvement Fund in order to finance several capital ongoing improvements. The transfer of \$150,000 from the Waterline/Sewer Line Fund was done as a result of the City of Cleveland taking over waterline maintenance in the Village which means the funds are no longer required for that purpose. All transfers were made in accordance with the Ohio Revised Code.

Note 14 –Contingent Liabilities

The Village may be 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.

Note 15 – Jointly Governed Organizations

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.

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 2015 or 2014. 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 2015 and 2014 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.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 15 – Jointly Governed Organizations (Continued)

University Hospitals Parma Medical Center

The University Hospitals Parma Medical Center 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 University Hospitals Parma Medical Center. 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 made no contributions to the hospital during fiscal years 2015 or 2014.

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

**INDEPENDENT AUDITORS' 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 Avenue
Brooklyn Heights, Ohio 44131

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 9, 2016, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 9, 2016.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 9, 2016

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2013 and 2012, reported no material citations or recommendations.

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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
AUGUST 30, 2016