



**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF BROOKLYN HEIGHTS
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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Brooklyn Heights Village, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Brooklyn Heights Village, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2 to the accompanying financial statements, during fiscal year 1998, the Village changed its classification of an Expendable Trust Fund and included the Mayor's Court as an Agency Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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Jim Petro
Auditor of State

May 10, 2000

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**VILLAGE OF BROOKLYN HEIGHTS
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$3,444,850			\$978,470	\$28,635	\$4,451,955
State Shared Taxes and Permits	122,202	\$99,022				221,224
Special Assessments			\$224,042	5,516		229,558
Intergovernmental Receipts	30,090			190,058	2,150	222,298
Charges for Services	17,153					17,153
Fines, Licenses, and Permits	92,206	2,817				95,023
Earnings on Investments	454,191	3,779	14,274			472,244
Miscellaneous	13,391			35,497		48,888
Total Cash Receipts	4,174,083	105,618	238,316	1,209,541	30,785	5,758,343
Cash Disbursements:						
Current:						
Security of Persons and Property	1,723,165				25,500	1,748,665
Public Health Services	41,726					41,726
Leisure Time Activities	168,540					168,540
Community Environment	100,863					100,863
Basic Utility Services	54,676					54,676
Transportation	157,451	143,432				300,883
General Government	1,551,467	1,643	1,000			1,554,110
Debt Service:						
Principal Payments			120,000	9,988		129,988
Interest Payments			94,837			94,837
Financing and Other Debt-Service Related						
Capital Outlay	6,328			916,461		922,789
Total Disbursements	3,804,216	145,075	215,837	926,449	25,500	5,117,077
Total Receipts Over/(Under) Disbursements	369,867	(39,457)	22,479	283,092	5,285	641,266
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes						
Sale of Fixed Assets	20,201					20,201
Transfers-In	100					100
Advances-In						
Transfers-Out					(100)	(100)
Advances-Out						
Other Sources	11,041	539		6,767	28,050	46,397
Other Uses	(9,001)	(666)		(6,767)	(21,850)	(38,284)
Total Other Financing Receipts/(Disbursements)	22,341	(127)	0	0	6,100	28,314
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	392,208	(39,584)	22,479	283,092	11,385	669,580
Fund Cash Balances January 1	4,487,156	147,878	298,976	5,959,285	88,199	10,981,494
Fund Cash Balances, December 31	\$4,879,364	\$108,294	\$321,455	\$6,242,377	\$99,584	\$11,651,074
Reserves for Encumbrances, December 31	\$113,178	\$0	\$0	\$583,393	\$50	\$696,621

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

**VILLAGE OF BROOKLYN HEIGHTS
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Agency</u>
Operating Cash Receipts:	
Charges for Services	
Mayor's Court	\$95,229
Total Operating Cash Receipts	95,229
Operating Cash Disbursements:	
Personal Services	
Fringe Benefits	
Contractual Services	
Supplies and Materials	
Mayor's Court	95,739
Capital Outlay	
Total Operating Cash Disbursements	95,739
Operating Income/(Loss)	(510)
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	
Intergovernmental Receipts	
Proceeds from Notes and Bonds	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Debt Service	
Other Non-Operating Cash Disbursements	
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(510)
Transfers-In	
Advances-In	
Transfers-Out	
Advances-Out	
Other Sources	556,851
Other Uses	(557,818)
Net Receipts Over/(Under) Disbursements	(1,477)
Fund Cash Balance, January 1	7,346
Fund Cash Balance, December 31	\$5,869
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF BROOKLYN HEIGHTS
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$3,491,466			\$1,002,277	\$26,600	\$4,520,343
State Shared Taxes and Permits	72,165	\$87,406			2,222	161,793
Special Assessments	0		\$222,321	3,147		225,468
Intergovernmental Receipts	73,860	6,013		22,546		102,419
Charges for Services	14,161					14,161
Fines, Licenses, and Permits	110,017	4,873				114,890
Earnings on Investments	453,173	3,497	16,996	35,348		509,014
Miscellaneous	21,543					21,543
Total Cash Receipts	4,236,385	101,789	239,317	1,063,318	28,822	5,669,631
Cash Disbursements:						
Current:						
Security of Persons and Property	1,477,682				27,400	1,505,082
Public Health Services	31,492					31,492
Leisure Time Activities	139,059					139,059
Community Environment	59,911					59,911
Basic Utility Services	54,261					54,261
Transportation	167,640	83,859				251,499
General Government	1,269,582	1,348				1,270,930
Debt Service:						
Principal Payments			125,000	9,988		134,988
Interest Payments			107,182			107,182
Financing and Other Debt-Service Related			1,000			1,000
Capital Outlay	5,045	1,452		442,350		448,847
Total Disbursements	3,204,672	86,659	233,182	452,338	27,400	4,004,251
Total Receipts Over/(Under) Disbursements	1,031,713	15,130	6,135	610,980	1,422	1,665,380
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes						
Sale of Fixed Assets	41,866					41,866
Transfers-In						
Advances-In						
Transfers-Out						
Advances-Out						
Other Sources	81,345	568		6,767	23,650	112,330
Other Uses	(3,134)	(421)		(48,127)	(16,350)	(68,032)
Total Other Financing Receipts/(Disbursements)	120,077	147	0	(41,360)	7,300	86,164
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,151,790	15,277	6,135	569,620	8,722	1,751,544
Fund Cash Balances January 1	3,335,366	132,601	292,841	5,389,665	79,477	9,229,950
Fund Cash Balances, December 31	\$4,487,156	\$147,878	\$298,976	\$5,959,285	\$88,199	\$10,981,494
Reserves for Encumbrances, December 31	\$155,502	\$79	\$0	\$119,124	\$1,400	\$276,105

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

**VILLAGE OF BROOKLYN HEIGHTS
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Agency</u>
Operating Cash Receipts:	
Charges for Services	
Mayor's Court	\$135,796
	135,796
Total Operating Cash Receipts	135,796
Operating Cash Disbursements:	
Personal Services	
Fringe Benefits	
Contractual Services	
Supplies and Materials	
Mayor's Court	135,181
Capital Outlay	
	135,181
Total Operating Cash Disbursements	135,181
Operating Income/(Loss)	615
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	
Intergovernmental Receipts	
Proceeds from Notes and Bonds	
Other Non-Operating Receipts	
	0
Total Non-Operating Cash Receipts	0
Non-Operating Cash Disbursements:	
Debt Service	
Other Non-Operating Cash Disbursements	
	0
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	615
Transfers-In	
Advances-In	
Transfers-Out	
Advances-Out	
Other Sources	503,152
Other Uses	(503,101)
	666
Net Receipts Over/(Under) Disbursements	666
Fund Cash Balance, January 1	6,680
Fund Cash Balance, December 31	\$7,346
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

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

General Fund

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

Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

Debt Service Funds

These funds account for the cost of improvements that will be paid by the benefitting property owners. The Village had the following significant Debt Service Funds:

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Debt Service Funds (Continued)

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

West Resource Drive - This project was financed with special assessment bonds of the Village. The debt is being retired through the sale of land to a company which benefits from these road improvements.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through Trust Funds). The Village had the following significant Capital Project Fund:

Capital Improvement Fund - This fund receives a portion of income tax money per ordinance for capital improvements such as major street construction and repair projects, computer equipment purchases, maintenance vehicle purchases, police vehicle purchases, and fire fighting vehicle purchases.

Fiduciary Funds (Trust and Agency Fund)

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other Trust Funds are classified as Expendable. Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following significant Expendable Trust Fund and Agency Funds:

Expendable Trust Fund

Police Disability and Pension Fund - This fund is used to account for the funding of payroll pension requirements for the police disability and pension fund.

Agency Funds

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

Mayor's Court Fund - This fund is used to account for activities for the Village's Mayor's Court.

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. RECLASSIFICATION OF FUND ACTIVITY

In 1998 the Village changed the classification of its Employee Withholding Fund from an Expendable Trust Fund to an Agency Fund and included the Mayor's Court as an Agency Fund.

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 191,943	\$ 193,840
Certificates of deposit	<u>11,465,000</u>	<u>10,795,000</u>
Total deposits	<u><u>\$11,656,943</u></u>	<u><u>\$10,988,840</u></u>

Deposits are either insured by the Federal Depository Insurance Company or collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 4,642,374	\$ 4,205,425	\$ (436,949)
Special Revenue	106,157	106,157	0
Debt Service	238,316	238,316	0
Capital Projects	1,782,308	1,216,308	(566,000)
Expendable Trust	<u>87,907</u>	<u>58,835</u>	<u>(29,072)</u>
Total	<u><u>\$ 6,857,062</u></u>	<u><u>\$ 5,825,041</u></u>	<u><u>\$ (1,032,021)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 4,530,298	\$ 3,926,395	\$ 603,903
Special Revenue	192,976	145,741	47,235
Debt Service	216,846	215,837	1,009
Capital Projects	4,783,381	1,516,609	3,266,772
Expendable Trust	<u>58,400</u>	<u>47,500</u>	<u>10,900</u>
Total	<u><u>\$ 9,781,901</u></u>	<u><u>\$ 5,852,082</u></u>	<u><u>\$ 3,929,819</u></u>

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,797,648	\$ 4,359,596	\$ (438,052)
Special Revenue	102,357	102,357	0
Debt Service	239,317	239,317	0
Capital Projects	1,070,085	1,070,085	0
Expendable Trust	81,818	52,472	(29,346)
Total	\$ 6,291,225	\$ 5,823,827	\$ (467,398)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,036,395	\$ 3,363,308	\$ 673,087
Special Revenue	126,403	87,159	39,244
Debt Service	242,700	233,182	9,518
Capital Projects	2,886,978	619,589	2,267,389
Expendable Trust	59,900	45,150	14,750
Total	\$ 7,352,376	\$ 4,348,388	\$ 3,003,988

5. PROPERTY TAX

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

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

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

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

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 144,822	0%
Special Assessment Bonds	1,185,000	6.5-9.78%
Total	\$ 1,329,822	

The Ohio Public Works Commission Loan (OPWC) loan relates to a joint venture street project with the City of Independence. The OPWC has approved up to \$164,798 in loans to the Village for this project. The loans will be repaid in annual installments of \$9,987.76 over 20 years, through the Village's Capital Projects Fund.

The Special Assessment Bonds were issued for street improvement and resource drive improvement and will be repaid through the Village's Debt Service Fund.

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

Year ending December 31:	OWDA Loan	Special Assessment Bonds
2000	9,988	208,025
2001	9,988	197,598
2002	9,988	192,100
Subsequent	114,858	1,054,277
Total	\$ 144,822	\$ 1,652,000

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 2.5% of their wages to the PFDPF and the Village picked up the remaining employees' portion of 7.5%. The Village also contributed an amount equal to 19.5% of their wages. PERS members contributed 2.125% of their gross salaries while the Village picked up the remaining employees' portion of 6.375%. The Village also contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF BROOKLYN HEIGHTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

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

We have audited the financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 10, 2000, in which we noted the Village changed its classification of an Expendable Trust Fund and included the Mayor's Court as an Agency Fund. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 10, 2000.

Village of Brooklyn Heights
Cuyahoga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 10, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF BROOKLYN HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 25, 2000**