CITY OF BROOKLYN CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



Auditor of State Betty Montgomery

CITY OF BROOKLYN CUYAHOGA COUNTY

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Independent Accountants' Report on Compliance and on Internal Control Required by *Government Auditing Standards*

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Auditor of State Betty Montgomery

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

City of Brooklyn Cuyahoga County 7619 Memphis Avenue Brooklyn, Ohio 44144

We have audited the financial statements of the City of Brooklyn, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 11, 2004, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 11, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 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 to the weaknesses. However, we noted other matters involving the internal control over financial reporting 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 City in a separate letter dated June 11, 2004.

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

Betty Montgomery

Betty Montgomery Auditor of State

June 11, 2004

Comprehensive Annual Financial Report

For The Year Ended December 31, 2003

Prepared by:

Gale W. Fisk Director of Finance

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Mayor Kenneth E. Patton

The City of Brooklyn • Ohio FOUNDED 1867

Council

John E. Frey Thomas E. Coyne Gregory L. Frey Rita M. Brown Kathleen M. Pucci Colleen Coyne-Gallagher Richard H. Balbier

June 11, 2004

City Council and Citizens of Brooklyn:

We are pleased to submit the City of Brooklyn's fifteenth Comprehensive Annual Financial Report (CAFR) prepared by Mayor Patton and the City Finance Office. This is the first year the City is presenting its financial statements using the GASB Statement No. 34 model. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data as presented is accurate in all material respects and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. This report will provide the taxpayers of the City of Brooklyn with comprehensive financial data to inform them of the City of Brooklyn's financial status. Copies will be made available to major corporate taxpayers, the Brooklyn Branch of the City plans to publich Library, financial rating services and other interested parties. In addition, the City plans to publish its third Popular Annual Financial Report (PAFR) to provide residents a more easily read and understood explanation of the City's financial position for those without a financial or accounting background.

The comprehensive annual financial report is presented in three sections as follows:

- 1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, Organization Chart of the City, a list of the City's Principal Officials, and the GFOA Certificate of Achievement.
- The Financial Section, which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes which provide an overview of the City's financial position and operating results, and the Combining Statements for nonimajor funds and other Schedules that provide detailed information relative to the Basic Financial Statements.
- 3. The Statistical Section, which presents various tables reflecting social and economic information, financial trends and the fiscal capacity of the City of Brooklyn.

REPORTING ENTITY

The City has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Brooklyn (the Primary Government) and its potential component units.

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The Brooklyn City School District and the Brooklyn Library have not been included in the accompanying financial statements because the City is not financially accountable for either entity and neither entity is fiscally dependent on the City.

The Southwest Council of Governments, the Parma Community General Hospital Association and the Northeast Ohio Public Energy Council are reported as jointly governed organizations.

City of Brooklyn

A small community adjacent to the City of Cleveland on three sides and the City of Parma on the fourth, Brooklyn is approximately six miles from downtown Cleveland. The City is uniquely situated for both commuters and industry with I-480 running east-west through the southern extremity of the City, I-77 and I-71, the major north-south highways, within 5 minutes either side of the City and Cleveland Hopkins Airport only 10 minutes away.

Founded by German immigrants in 1818, Brooklyn Township was set apart from Cleveland Township, which is now known as "Old Brooklyn". On August 5, 1867, Brooklyn Village became incorporated, eventually becoming a chartered home rule City on January 1, 1952. According to the latest population figures, Brooklyn has 11,586 residents.

Operating under the Mayor/Council form of government, the citizens of Brooklyn elect a mayor and seven council members who serve at-large. Terms for both the Mayor and Council are four years. As the chief executive officer for the City, the Mayor is responsible for the supervision and administration of the City's affairs and exercises control over all departments and divisions. The Mayor may introduce and make recommendations on legislation and has full veto powers.

As a result of changes to the City Charter (November 1999), the Council President now chairs Council Meetings. The charter change also created the positions of "Magistrate" and "Prosecutor".

The Mayor is also responsible for the preparation and submission of the annual estimate of receipts and expenditures, and of appropriation measures. The Mayor keeps Council advised of the City's financial condition. He also is the Chief Peace Officer. Directors of Law, Finance, Public Safety, Public Service, and the Police Chief, Fire Chief and Recreation Commissioner serve at the pleasure of the Mayor and report directly to him. Brooklyn also maintains a certified Building Department with a full-time Chief Building Official as its head.

The City provides a full range of municipal services, including full-time police, fire and emergency medical services, senior citizen programs, recreation programs, street maintenance and repair, residential refuse collection and disposal, curbside recycling, building, planning and zoning, as well as other administrative functions.

ECONOMIC CONDITION AND OUTLOOK

The City of Brooklyn has a longstanding reputation for encouraging growth and development of its thriving industrial and commercial base. Exceptional working relationships have been forged between the City Administration, business and industry. Thanks to a targeted economic development program, which has included expansion of the retail, commercial and industrial sectors, the City's financial condition remains excellent. A Chamber of Commerce was inaugurated in Brooklyn in 2002. The Mayor understands that the bulk of the taxes paid in Brooklyn come from our businesses. In consonance with the Chamber of Commerce, he established a Business Retention and Expansion Task Force in 2003 to get input from our businesses to assist them has resulted from this data.

The City's number one corporate entity, American Greetings, restructured two years ago to increase its effectiveness. Only a small number of positions were eliminated at its Brooklyn Headquarters. The restructuring improved operations and profits in 2003. KeyBank has also restructured and eliminated some positions from its Brooklyn operations site. Because Brooklyn is its main operating site, personnel were moved from other locations to Brooklyn reducing the overall impact. The Plain Dealer, the largest newspaper in the State, maintains a large, new distribution plant in the City.

A Max & Erma's was also constructed at I-480 and Tiedeman Road and opened on April 28, 2003. Ohio Savings Bank and Progressive Insurance moved into a new building called the Brooklyn Corporate Center in the summer of 2003. All were new sources of income taxes for Brooklyn in 2003.

The maintenance of our commercial properties and housing stock is key to holding our property values. Some of the larger commercial construction projects started and/or completed in 2003 include the following:

- USF Holland Trucking Terminal Addition/Trailer Storage Lot.
- ✤ Max & Erma's Restaurant.
- Sam's Club fuel station.
- International House of Pancakes Restaurant.
- ✤ Golden Corral Restaurant.
- North Coast Community Group Home.
- Brooklyn Corporate Center.

The value of new construction, additions, and alterations in 2003 was \$17,451,060. This is a decrease of approximately 39 percent from 2002. The value of construction is cyclic in nature. The average value of construction over the last four years is \$17,051,475. In 2003, 865 permits (building, plumbing, electrical, and HVAC) were issued generating \$100,015 in fees. A total of 563 contractor registrations were issued in the amount of \$42,225 and 113 miscellaneous permits (demolition, signs, street opening, obstruction, etc.) were issued generating \$6,413. There were 344 residential inspections and 210 commercial inspections conducted by the building department in 2003.

Neff and Associates continues as the City of Brooklyn's Class Two Certified Plans Examiner, examining commercial building plans as required by the Ohio Board of Building Standards. Fees totaling \$15,110 were paid directly to the firm by clients during 2003.

Thanks to the City's location along Interstate 480, retail outlets on Ridge and Brookpark Roads and retail services such as hotels and restaurants on Tiedeman Road, continue to enjoy solid business. Expansion along these major corridors is anticipated during the coming years.

INFRASTRUCTURE

The City of Brooklyn has prided itself on an aggressive street maintenance program. The 2003 Street Improvement Plan consisted of concrete repairs to Idlewood Drive, Kennedy Drive and Melody Lane, asphalt overlay on West Boulevard and West 62nd Street and rejuvenation of Ira Avenue and Southwood Drive. This project cost approximately \$742,000. Reconstruction of Ridge Road from I-71 to Dennison was completed with the assistance of Cuyahoga County. The estimated cost for the entire project is \$1,671,074. The City of Brooklyn's portion of the project is \$154,000. In-house concrete repairs were made to Elizabeth Lane, Century Circle, Springcrest Drive, Summer Lane, and Memphis Road.

West Boulevard was reconstructed and repairs were made to Southfield and Woodhaven. The cost of this project was \$184,000. This spring the project will be finalized with an asphalt overlay of Southfield and Woodhaven. Sewer relining will be completed on these streets in 2004. This will be the third and final phase of sewer work in this section of the City to eliminated basement flooding problems. In 2003, nearly \$2.6 million in street maintenance was completed with the City spending about \$1 million.

The renovation of the recreation complex began in the summer of 2003 with the updating of the indoor pool. A new heating and ventilation system and pool heater was installed at a cost of \$253,000. Work on family changing rooms for the pool was begun in the fall and completed in March. The cost of that project was \$114,000.

The City added an additional First Alert Warning Siren to alert citizens of possible weather or hazmat disasters at a cost of \$27,000. The City now has two sirens and has increased coverage to nearly the entire City.

ADMINISTRATIVE IMPROVEMENTS

The City further expanded computer capabilities by installing a city-wide network for all administrative offices. A fiber optic ring had been previously installed by Adelphia at no cost to the City. Cabling for all offices was strung. Equipment and software to implement the network was installed. This action allowed for expanded service and convenience for residents and has updated the City's abilities to operate in today's business environment. All City departments are now on the network. The City has internet capability and has developed a City of Brooklyn website, www.brooklynohio.gov.

SERVICE INITIATIVES

City crews processed 4,864 tons of solid waste, recyclables, and white goods. Over 16 percent of the material collected was recycled. The municipal landfill processed 4,122 tons of solid waste in 249 days of operation with a daily average of 16.56 tons. The City landfill is the lone remaining municipally owned and operated landfill in Cuyahoga County. Landfill tipping fees were \$11,855. Most municipalities pay over \$30/ton to have their solid waste discarded; Brooklyn's tipping fee to the Ohio Environmental Protection Agency (OEPA) is \$1.75/ton and \$1.00 to Cuyahoga County.

The Recycling Department processed 737 tons of recyclable material (steel, aluminum, glass, plastic and newspaper) in 2003 and generated \$2,437 in revenue. This diversion means that 44.5 days of landfill space was saved for future use. The City instituted a new method of picking up recyclables in 2003. A new recycle packer truck was purchased and collects all recyclables from the same container at the curb. The City no longer separates the material. All material is taken to Waste Management and separated and processed at their site. This new policy saves both time and manpower and has expanded the list of materials that can be accepted and made recycling easier for the residents.

RECREATION

The City has long had one of the finest ice rinks in the Cleveland Metropolitan area and has hosted some of the top amateur hockey venues in the region. Brooklyn was again the host of the Greater Cleveland High School Hockey League Baron Cup Division I and II Championship Games and the Ohio High School Athletic Association Sectional, District and Regional matches during the State Ice Hockey Tournament. Other youth hockey tournaments, precision competitions, figure skating exhibitions and figure skating and hockey clinics are held at the recreation center throughout the year.

Preliminary plans to renovate and update the entire recreation complex were completed. The indoor pool complex had a new heating, ventilation and air conditioning system installed. Work on a new family changing room commenced in the fall of 2003 and was completed in 2004.

Brooklyn also has a wonderful inventory of parks and outdoor recreation space. Memorial Park extends southward from City Hall and the Senior Community Center and includes a children's play area, a wading pool, a fountain, baseball and softball fields, three picnic pavilions and a nature trail. Those using the Old Stone Pavilion can now enjoy the addition of lights and electrical outlets that increases their picnicking pleasure. Visitors to the park can enjoy the Backyard Fun Area, which includes tennis courts, basketball courts and a synthetic turf putting green. The in-line skating rink has been removed and equipment for a skate park has been purchased. The skate park began operation in the spring of 2004. During the summer months, the Grande Pavilion was the site of six outdoor musical concerts, two community CPR courses and three children's entertainment programs. The City also owns and operates Marquardt Park and Brock Playground. A Cleveland Metro Park site which is part of Cleveland's "Emerald Necklace" provides additional park and natural recreation land.

Stepping into the 21st century, the Recreation Department maintains a Web Site for the following programs:

Youth Soccerwww.Men's and Women's Premier Softball Leaguewww.Learn-to-Skatewww.Barracuda Swim Teamwww.

www.eteamz.com/brooklynsoccer www.eteamz.com/brooklynsoftball www.angelfire.com/sports/brooklynskating www.eteamz.com/brooklynbarracudas

PUBLIC SAFETY

The Brooklyn Police Department responded to 14,925 complaints in 2003, issued 4,870 citations and 1,145 parking tickets. The majority of complaints continue to be property theft and damage to property, disorderly conduct, and motor vehicle accidents. Our jail housed 1,290 prisoners in 2003. Mayor's Court generated \$569,691 through fines and waivers for the City. The Juvenile Diversion Program is a community based program designed to sanction and assist certain juvenile misdemeanor and status/unruly offenders. For 2003, 25 juveniles participated in the program.

Our D.A.R.E. (Drug Abuse Resistance Education) Program reaches the students of both our public and private schools covering elementary and junior high students. These classes are conducted by two Brooklyn Police Officers trained by the D.A.R.E. Organization. During the summer months three Brooklyn Officers are assigned to Bicycle Patrol in an effort to interact with our residents and their concerns along with more extensive patrol in shopping areas.

The "RU OKAY" program was implemented for public safety for senior citizens in the fall of 2002. This computerized system makes a daily call to interested residents. If there is no response from the resident an "Alert" is initiated and a follow up call is made by the Police Department. Action continues from that point if there is still no response to ascertain the well being of the resident.

The Brooklyn Fire Department responded to 797 fire runs and 1,552 emergency medical calls, a total of 2,323 emergency responses in the year 2003. Nearly \$164,000 was collected for ambulance service fees. The Fire Department maintained an Insurance Services Officer (ISO) rating of 3. This places the Brooklyn Fire Department in the top 10 percent of the nearly 45,000 fire departments the ISO evaluates nationwide.

The department applied for and received a \$22,500 grant for Firefighter operations and safety to be used in 2003. With this grant money two complete sets of heavy rescue equipment, "jaws of life", were purchased.

SENIOR ACTIVITIES

During 2003 the Brooklyn Senior Center had 25,818 people sign-in at the Center for a variety of programs and activities geared to making the later years healthy, active and rewarding. Two of the most popular programs offered to residents for an annual fee of \$10 are Snow Removal (904 participants) and Grass Cutting (690 participants).

Meals-on-wheels delivered 470 meals to residents recently discharged from area hospitals or nursing homes. The Home Bound Meal Program assists seniors requiring long term meal delivery. This year 3,092 meals were delivered under this program. Weekly luncheons served 3,424 meals and the newly initiated Soup and Sandwich day served 340 meals.

Health screenings for blood pressure, cholesterol, blood sugar, glaucoma, flu shots, prostate, mammograms, skin cancer and vascular conditions were conducted at the Senior Center throughout 2003. An Alzheimer and bereavement support group is also offered. Tax preparation is available during the months of February, March and April.

A diversified menu of recreational activities also plays an integral part in the Center's daily operations. Some of these activities include art classes, country line dancing, bingo, bocce ball, cards, ceramics, choral group, knitting, exercise, films, dinner dances, speakers, pool tournaments, ping pong, quilting, tole painting and bus trips. This year the Center also sponsored tours of local residential holiday lighting displays.

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control

In the preparation of its annual report, the City utilizes the modified accrual basis of accounting for governmental funds. When using the modified accrual basis, revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. This timing enables management to improve the quality of its decision making process by providing more consistent, comparable information regarding the current and past operations and financial position of the City.

Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefit likely to be derived from its implementation, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The Director of Finance is responsible for evaluating the City's internal control methods and for developing procedures to enhance internal control. He is further responsible for working closely with auditors to ensure the City's internal controls are followed and adapted to any recommendations from the Auditor of State's Local Government Services Section or from the Audit Section. To ensure those responsibilities continue to be met, the City replaced its eight year old funds management system with a new Windows based, networked system which was fully implemented by February 15, 2002. That system was moved to the City computer network in 2003.

Budgetary control is maintained by an encumbrance of purchase amounts, prior to the release of purchase orders to vendors. Accounts receivable and accounts payable operations are fully computerized. These improvements have measurably streamlined departmental tasks and allow the Mayor and Finance Director to better analyze financial trends and comparisons.

The City utilizes a cash accounting system throughout the year. The Mayor and Department Heads approve every purchase order, and the Director of Finance attests that monies are available for payment of the expenditures on every purchase order prior to its release to a vendor. The Mayor is responsible for the preparation and submission of the annual estimate of receipts and expenditures (tax budget) and of appropriation measures and keeps Council fully advised of the financial condition and needs of the City. The Mayor and Council are provided with monthly cash reports. The Director of Finance furnishes quarterly written reports to the Mayor and Council. A mid year review provides information so that corrective action may be taken if revenues or expenditures are not in consonance with original projections. An end of year review provides additional data on the actual outcomes for the year and is used in setting the budget for the next year.

The City adopts a temporary appropriation spending measure on or before January 1 of each year for the period January 1 through December 31. A permanent appropriation spending measure is adopted prior to April 1st and amended, if necessary, throughout the year. All disbursements and transfers of cash between funds require appropriation authority. Appropriations are controlled at the department level within the General Fund and at the fund level in all other funds.

Financial Condition This is the first year the City has prepared financial statements following GASB Statement 34. "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2003 and a discussion of current issues affecting the City.

CHARTER TAX RATE LIMITATION

Article VIII, Section 2, of the City Charter relates to the limitation on the rate at which Council may levy property taxes without a vote of the people. It provides that the maximum total property tax rate that may be levied without a vote of the electors for all City purposes is twelve mills. Within that twelve-mill maximum, the City is first required to levy any amount necessary to provide for debt service on all notes and bonds of the City outstanding from time to time, and issued without a vote of the electors. After provisions have been made for the payment of debt service, whether from this unvoted property tax or from other sources, the Charter provides that an amount shall be levied each year sufficient to provide the amounts for police and firefighter pensions. The City may levy up to six mills for current operating expenses from the remaining amount within the twelve-mill limit. In addition, Council is permitted to levy up to one mill for street lighting purposes.

CASH MANAGEMENT

The City adheres strictly to the regulations set forth in the Ohio Revised Code to ensure the safety of its investments. All deposits are made under contracts with local banking institutions.

A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least one hundred and five percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral.

RISK MANANGEMENT

The City of Brooklyn has a personal service contract with the Edward H. Sutton Insurance Agency for risk management and has Jackson, Dieken & Associates as their insurance agents. In 2003, the total cost for insurance premiums and bonds was \$175,386. The City asked for bids and received three responses. Jackson, Dieken and Associates was the lowest and best bid and retained the contract.

The City carries a \$3,000,000 comprehensive general liability insurance policy with no deductible and \$9,000,000 umbrella over its comprehensive general liability and business auto and law enforcement liability insurance policies. The City also carries a \$1,000,000 general law enforcement liability insurance policy with no deductible. Other coverage carried by the City includes building/contents, scheduled equipment, business auto, scheduled properties, public employees blanket bond, public officials bonds, public officials' liability, and fire department malpractice liability. A \$100,000 blanket bond covers all employees of the City of Brooklyn, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage. City safety forces are covered by separate liability coverage.

The City pays the Ohio Bureau of Workers' Compensation System (OBWC) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. In 2003, the City paid \$93,766 to the OBWC as part of the group rating for the Ohio Association of Public Treasurers. The City has undertaken a more active posture on claims management including monitoring the effects of lost time claims. A transitional work program has also been instituted. All of these actions are aimed at controlling Worker's Compensation costs.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brooklyn, Ohio, for the fourteenth consecutive year for its Comprehensive Annual Financial Report for the year ended December 31, 2002.

In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, which conforms to program standards. These reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its award represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the requirements and standards of the Certificate of Achievement Program. Thus, we are submitting the 2003 Comprehensive Annual Financial Report to the GFOA for award consideration.

INDEPENDENT AUDIT

State statutes require the City to have an annual examination by an independent auditor. The Auditor of State for the State of Ohio was selected to render an opinion on the City's financial statements as of December 31, 2003. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

ACKNOWLEDGMENTS

The publication of this report significantly increases the accountability of the City of Brooklyn to the taxpayers. The preparation of a comprehensive annual financial report on a timely basis was made possible by the dedicated service of personnel from the Finance and Mayor's Offices, as well as key employees and department heads from the various municipal departments. All employees have our sincere appreciation for their contributions made in the preparation of this report.

A special note of appreciation is expressed to the Local Government Services Section of the State Auditors Office for their assistance with this financial report. Mr. Mark Podolak created the design of our 2003 Comprehensive Annual Financial Report cover and inserts.

Without the positive leadership and cooperation exhibited by the Administration and Council, preparation of this report would not have been possible. Special thanks go to Brooklyn residents and taxpayers for entrusting us with the administration of their local government.

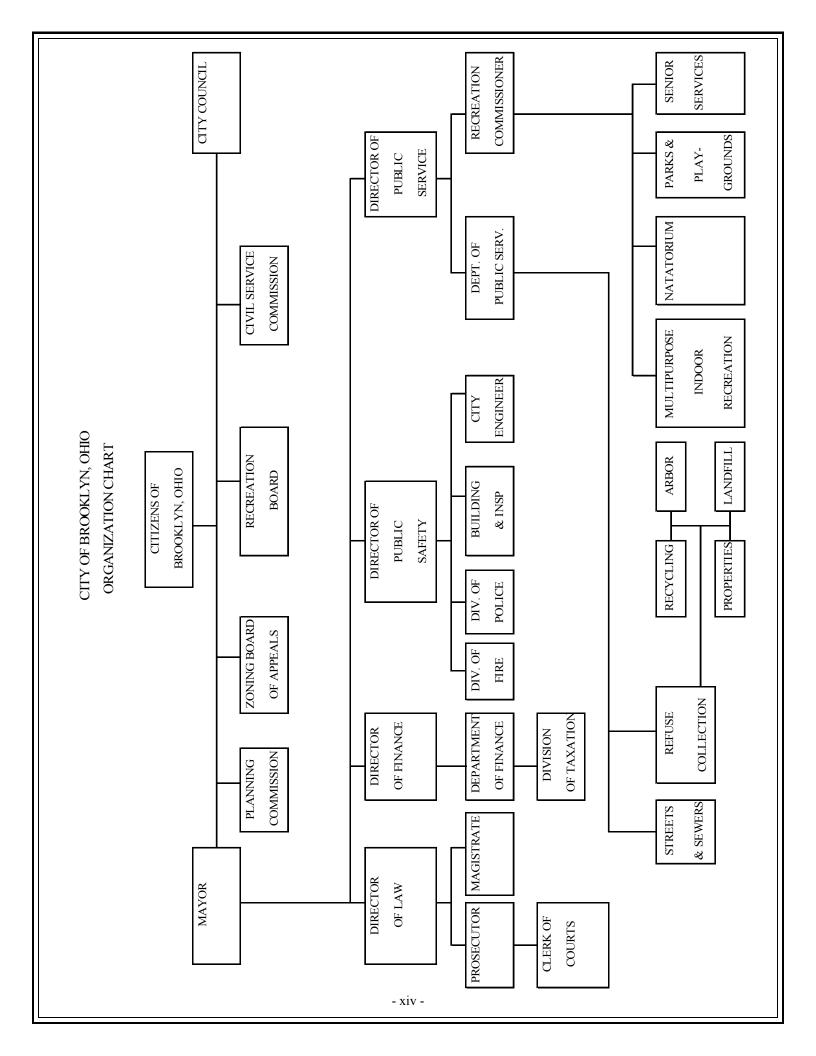
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Respectfully Submitted,

E Potto

Kenneth E. Patton . Mayor

Gale W. Fisk Director of Finance



CITY OF BROOKLYN, OHIO

Principal Officials

Mayor

Kenneth E. Patton

Council-At-Large Council-At-Large Council-At-Large Council-At-Large Council-At-Large Council-At-Large

Director of Law Magistrate Prosecutor Director of Public Safety Director of Public Service Director of Finance Recreation Commissioner Chief Building Official Police Chief Fire Chief John E. Frey Gregory L. Frey Thomas E. Coyne Rita M. Brown Kathleen M. Pucci Colleen B. Coyne-Gallagher Richard H. Balbier

Thomas O. Shaper Ronald Balbier Hillary Goldberg Michael Gallagher Robert A. Kappler Gale W. Fisk Alfred M. Sforzo Thomas J. Ockington Jack T. Murphy Paul Duchoslav

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brooklyn, Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Brooklyn Cuyahoga County 7619 Memphis Avenue Brooklyn, Ohio 44144

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Brooklyn, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Brooklyn, Cuyahoga County, Ohio, as of December 31, 2003, and the respective changes in financial position thereof, and the budgetary comparison for the General fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements– and Management's Discussion and Analysis– for State and Local Governments.*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801 Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361 www.auditor.state.oh.us City of Brooklyn Cuyahoga County Independent Accountants' Report Page 2

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, statistical tables, and supplemental information are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section, statistical tables, and supplemental information to the auditing procedures applied in the audit of the basic financial statements taken as a whole. We did not subject the introductory section, statistical tables, and supplemental information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Betty Montgomeny

Betty Montgomery Auditor of State

June 11, 2004

City of Brooklyn, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

The management's discussion and analysis of the City of Brooklyn's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analyses is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are:

- City income tax totaled \$12,120,596 in governmental activities. This is by far the largest amount of income tax revenue for the City of Brooklyn.
- Total assets increased by \$142,635, a .4 of a percent increase over 2002.
- Total net assets increased by \$462,642, a 2.07 percent increase over 2002.
- Total capital assets decreased \$207,315; .77 percent less than 2002.
- Total outstanding long term liabilities decreased \$449,012, a decrease of 3.26 percent from 2002. The City continues to pay off debt and had no additional borrowing this year.
- The fund balances for the City increased by \$377,602 to \$9,235,057. Approximately 66 percent is available for spending at the government's discretion (unreserved fund balance).

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Brooklyn as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at our specific financial condition.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Brooklyn as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

These two statements report the City's net assets and the changes in those assets. The changes in net assets are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenue and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City of Brooklyn's Most Significant Funds

Fund Financial Statements

The presentation of the City's major funds begins on page 16. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Brooklyn, the major funds are the general, general obligation bond retirement and capital improvements.

Governmental Funds

Most of the City's activities are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Governmental funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

The City of Brooklyn as a Whole

The *Statement of Net Assets* looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1 Net Assets

	Governmental Activities	
	2003	2002
Current and Other Assets	\$13,086,852	\$12,736,902
Capital Assets, Net	26,560,340	26,767,655
Total Assets	39,647,192	39,504,557
Current and Other Liabilities Long-Term Liabilities	3,484,078	3,355,073
Due Within One Year	1,130,243	943,196
Due in More Than One Year	12,189,273	12,825,332
Total Liabilities	16,803,594	17,123,601
Invested in Capital Assets, Net of Related Debt	19,081,359	18,590,342
Restricted:		
Capital Projects	2,014,319	1,653,652
Debt Service	344,880	469,717
Street Construction, Maintenance and Repair	331,950	466,782
Street Lighting	148,860	210,822
Court Computer	58,014	59,417
Other Purposes	134,707	244,880
Unrestricted	729,509	685,344
Total Net Assets	\$22,843,598	\$22,380,956

Total net assets increased by \$462,642, 2.07 percent. Total assets had a very small change of only \$142,635 on \$39.6 million in total assets. The change that accounts for the difference in total net assets comes from a reduction in long term liabilities. The City has a very small amount of debt but the payment of principal reduced total liabilities by \$320,007. The result of these items increased net assets by more than \$462,000 and was a positive outcome for the City's financial outlook. The most significant increase in assets was in improvements completed on the City's streets. The City paid cash for this work. There was no land purchased, no new buildings constructed and no additional long term borrowing for any of the projects completed.

Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2003. The City of Brooklyn is implementing GASB 34 this year. Thus, there are no figures for 2002 and no comparisons can be made. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2Changes in Net Assets

	Governmental Activities	
	2003	
Revenues: Program Revenues:		
Charges for Services	\$1,603,665	
Operating Grants and Contributions	662,406	
Total Program Revenues	2,266,071	
General Revenues:		
Property and Other Taxes	2,166,402	
Municipal Income Taxes	12,120,596	
Grants and Entitlements	1,021,200	
Investment Earnings	135,906	
Miscellaneous	23,490	
Total General Revenues	15,467,594	
Total Revenues	17,733,665	
Program Expenses		
General Government	1,728,888	
Security of Persons and Property	7,434,844	
Transportation	865,328	
Community Environment	1,600,235	
Basic Utility Services	2,982,030	
Leisure Time Activities	2,430,608	
Interest and Fiscal Charges	229,090	
Total Program Expenses	17,271,023	
Change in Net Assets	462,642	
Net Assets Beginning of Year	22,380,956	
Net Assets End of Year	\$22,843,598	

The overall financial strength of the City improved in 2003. Even though there are no figures for individual areas for 2002, one can see that revenues exceeded expenses by \$462,642. The City had a balanced budget. Over 80 percent of revenue came from municipal income tax of \$12,120,596 and property tax and local taxes of \$2,166,402 comprised of the cable franchise fee, hotel tax and amusement tax. The addition of charges for

City of Brooklyn, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

services of \$1,603,665 accounts for 90 percent of the City's revenues. Revenues for all governmental activities totaled \$17,733,665. Program expenses totaled \$17,271,023. Almost 43 percent of that total is used for basic police and fire protection. Basic Utility Services makes up another 17 percent. The third largest program is leisure time activities accounting for over 14 percent of expenses. General Government makes up almost 10 percent of expenses. The City has long maintained an aggressive Transportation program. City streets are well maintained. About 5 percent of total expenses was spent on this program in 2003. The City provided all services expected and was able to fund all programs with a surplus during a year most communities were happy to break even.

GOVERNMENTAL ACTIVITIES

The main revenue source for the City's governmental activities is City income tax. The City has an income tax rate of two percent. Almost 98 percent of the income tax is contributed by the City's businesses. Income taxes usually provide about 60 percent of the City's revenue. In the third quarter of 2003, the City received a \$700,000 payment on delinquent taxes due to an IRS ruling on business expenses for one taxpayer. The one time increase in delinquent taxes boosted that percentage to 68 percent in 2003.

The City has long had a strong economic development program that continues to bring new businesses to the community. The number of businesses, being either industrial or commercial, large or small, provide the City with a diverse income tax base that can sustain the loss of any major tax paying entity and still be able to meet the financial needs of the City. City income tax revenues were distributed to the General Fund (85 percent) and the Capital Improvement Fund (15 percent) in 2003. The Plain Dealer contributes income tax to the Tiedeman Road Fund.

General revenues from property taxes and local government funds are also significant revenue generators. Brooklyn's charter authorizes up to 12 mills of property taxes. Only 5.4 mills of that original charter amount has ever been levied. Currently 2.3 mills is allocated to the General Fund, 1.05 mills to the Firemen's Pension Fund, 1.0 mill to Bond Retirement, .8 to Police Pensions and .25 to Street Lighting. With 12 mills authorized, the City has 6.6 mills of property taxes that can be utilized to offset financial difficulties.

Charges for Services is the third significant revenue contributor. Court fines accounted for about \$570,000 of the \$1,603,665 generated. The ice rink contributes about \$410,000. The pools add another \$125,500. Building permits added about \$135,000 this year. Recovery of costs for ambulance rescue services adds another \$155,000. These are the major revenue sources for this category.

Interest income remains low. Current rates do not allow significant revenues to be generated.

Security of Persons and Property was the largest single area of expenses as it has been historically. This program accounted for nearly 43 percent of expenses (\$7,434,844). That pays for basic police and fire services, D.A.R.E., pensions and equipment. A property tax levy of 1.85 mills pays for about 85 percent of the pension costs associated with police and firemen.

Basic Utility Service makes up 17 percent of expenses (\$2,982,030). This includes trash collection, snow removal and recycling. Trash is picked up from behind the home. Snow removal includes all sidewalks in the City. A new truck was purchased for recycling this year so that fewer personnel are required for this service. The savings in personnel are being shifted to the transportation area for street improvement and maintenance.

City of Brooklyn, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

The third largest program cost is Leisure Time Activities. The program accounts for about 14 percent of total expense (\$2,430,608). The City has a recreation center with an ice rink, indoor and outdoor pools, playgrounds, two large parks and a senior center. The City has long provided excellent recreation opportunities at a very low cost to its residents. Costs for this program are thus higher than might be expected for a City of this size.

General Government comprises almost 10 percent (\$1,728,888) of total program expenses. Costs for the Mayor's office, City council, law, finance and lands and buildings are included here. Lands and buildings pays for gas, electric, phone service and water and sewer for all municipal operations. The City collects its own income taxes so the cost for that operation is also included. The City compared costs this year with two regional tax collection organizations and determined that the costs for this operation was less than the cost of contracting out for income tax collection. This is because 84 percent of our income taxes come from withholding for employees which is automatically remitted by City businesses. Collection costs are therefore lower than other municipalities might experience.

Community Environment is the fifth largest area of expense. The City runs the only municipal landfill in Cuyahoga County. Thus, expenses in this program are higher to pay for various testing and monitoring programs associated with a landfill. This is more than offset by substantially lower costs for utility services. The City pays about one tenth of the amount in fees for operation of the landfill that would be required if tipping fees had to be paid for trash removal.

Transportation is another meaningful program. Brooklyn has always maintained its streets well and routinely spends over \$500,000 annually on transportation. That was done again this year with expenses of \$865,328. Over \$660,000 was spent on the maintenance of local streets for the 2003 Street Plan.

The City's Funds

The City of Brooklyn uses fund accounting as mandated by governmental legal requirements. The importance of accounting and reporting using this method is to demonstrate compliance with these finance related requirements.

Governmental Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,463,040 and expenditures of \$19,731,073. Income taxes is the City's largest revenue source. The City has enjoyed a steady increase in income tax collections from 1992 through 2001. During those years the average increase was 3.2 percent. In 2002, collections declined by about \$120,000, a 1.1 percent drop. The reason for this change was a tripling of refunds. Normal annual refunds are \$185,000. They were \$539,000 in 2002. This was a direct result of a sagging economy. We projected another decrease in 2003. Instead, the City had a major increase in collections. Refunds returned to normal levels. Collections increased throughout the year by 1.7 percent. Then, in the third quarter, the City received a \$700,000 payment on delinquent taxes due to an IRS ruling on business expenses for one taxpayer. Income tax revenue for 2003 increased by nearly 9.2 percent to \$11,774,432. This was an increase of almost \$1 million. The most significant fund is the general fund. In 2003 about 65 percent of all expenditures were generated from the General Fund. The year-end fund balance for the General Fund was \$6,386,354. Included is a reserved fund balance for the Landfill Closure and Postclosure Trust. These monies are being accumulated to address issues that will be required by the Environmental Protection Agency in about 35 years when the landfill has reached capacity. The total set aside for this purpose is \$2,781,487. The unreserved balance for the General Fund is \$3,506,493.

Expenditures in Bond Retirement exceeded revenues by \$56,168. This was the result of a decision by the City to retire long-term Bond Anticipation Notes more aggressively than required. There is still a balance of \$296,290 in this fund. In the Capital Improvements Fund revenues exceeded expenditures by \$231,765. The fund balance in Capital Improvements at the end of 2003 was \$1,740,839. There was more revenue collected than was spent out of the fund in 2003. For all funds the surplus for the year was \$377,602. Total fund balances grew from \$8,857,455 in 2002 to \$9,235,057 in 2003. The available fund balance for all funds is slightly more than 47 percent of the amount spent in total in 2003. If the reserved balance for Landfill Closure and Postclosure Trust is removed from consideration, the City still has an overall fund balance of \$6,453,570 for 2003. That total is still 32.7 percent of the total expenditures for 2003.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The City changed the level of appropriation from the object level to department level in the General Fund and to fund level in all other funds. In past years, six to ten appropriation changes were required, often with no significant change in the total level of funding provided to a department or fund. Only two changes were made this year, one at mid year to add a new special revenue fund to account for grants received and the appropriations needed for them. The second was for end of year adjustments. Recommendations and requests for budget changes are referred to the Finance Committee before going to the formal Council Meeting for ordinance enactment on the change. The Finance Director provides the administration and City Council with a Mid Year and End of Year Review. This provides all parties with information on revenue and expenditure levels, trends, budgeted versus actual and recommendations on any changes in policy or execution that may be required. The Mid Year Review is intended to discuss mid course budget execution. The End of Year Review provides information on actual revenues and expenditures and helps shape the permanent budget for the new year.

The General Fund supports most of the City's major activities such as the police, fire, building, and service departments as well as the legislative and most executive activities. For the general fund, the original budgeted revenues were \$13,040,055 and the final budgeted amount was \$13,606,025. Of this \$565,970 difference, most was due to an increased estimate for income taxes (\$414,029). All other estimates changed by less than \$50,000. Actual revenues of \$13,602,591 were \$3,434 less than the final projection.

After the permanent budget was adopted, the amount appropriated for the General Fund for 2003 did not change throughout the year. The original budget estimated for the Tax Budget is generally a high estimate. The final budgeted amount of \$13,733,011 was a true expectation. City Council was advised at the time that the budget passed that the administration intended to hold expenditures to \$13.3 million or less. Actual expenditures were \$13,246,881. Expenditures were \$486,130 less than budgeted and \$53,119 less than the administration's self imposed target. Actual expenditures were about 3.5 percent under budget. Revenues exceeded expenditures by \$355,710. The actual outcomes were in consonance with the financial updates supplied to City Council throughout the year. The Department heads did an excellent job of controlling costs and staying within budget.

Capital Assets and Debt Administration

Capital Assets

Table 3

Capital Assets (Net of Depreciation)

	Governmental	
	2003	2002
Land	\$2,611,037	\$2,611,037
Buildings	8,607,229	8,886,495
Improvements Other Than Buildings	5,654,885	5,673,218
Machinery and Equipment	1,794,262	1,982,955
Vehicles	1,649,752	1,887,587
Infrastructure		
Roads and Sidewalks	3,381,404	2,899,437
Sanitary Sewers	837,839	883,502
Storm Sewers	745,160	614,444
Water Lines	586,651	606,218
Traffic Signals	692,121	722,762
Total	\$26,560,340	\$26,767,655

The City of Brooklyn takes care to maintain its equipment and infrastructure. Fifteen percent of City income taxes are distributed to the Capital Improvements Fund to ensure this outcome. For 2003, this meant that \$1,722,972 of the income tax revenue went to the Capital Improvements fund. The City spent less on capital projects than the revenues taken in during 2003. The depreciation for 2003 was greater than the amount spent in almost all categories. Roads and Sidewalks and Storm Sewers spent more than the amount depreciated. Improvements other than Buildings spent close to the amount of depreciation. In the Roads and Sidewalks category, the City spent \$644,856 on improvement of its local streets. The second phase of the reconstruction and repaving of Ridge Road was completed. The City paid \$122,991 on its share of the \$1,671,074 project. Signalization on Ridge Road was also improved. The HVAC and the heater for the indoor pool was replaced and upgraded. This improvement cost \$253,585. A Family Changing Room was installed at the indoor pool at a cost of \$114,729. A Skate Park was established for \$14,476. A new Early Warning Siren was erected to increase the coverage for the City. The cost was \$27,025. Storm sewers on Ridge Road were improved to ensure would be completed before the next phase of road repair for Ridge Road.

In other areas the City purchased two sets of "Jaws of Life" and a portable generator lighting unit for the Fire Department, a Command SUV for the Police Department and a Recycling Packer truck and a mower for the Service Department. See note 10 of the basic financial statements for additional information on capital assets.

Debt

On December 31, 2003, the City of Brooklyn had \$7,084,692 in general obligation bonds, special assessment bonds, notes and OPWC loans outstanding. The City paid principal of \$812,306 in 2003. Table 4 summarizes bonds, notes, loans and police pension outstanding.

Table 4

	Governmental	
	2003	2002
General Obligation Bonds	\$3,127,806	\$3,417,806
Special Assessment Bonds	85,000	160,000
OPWC Loan	632,155	687,125
Honeywell Loan	783,764	925,263
Police Pension	55,967	56,804
Long-Term Notes	2,400,000	2,650,000
Totals	\$7,084,692	\$7,896,998

Outstanding Debt at End of Year

The City has one General Obligation Bonds originally sold in 1992 and refinanced in 1999 for \$4,400,000. It was originally issued in 1992 for \$4,825,000 to pay for a new public library (\$2,850,000), Tiedeman Road improvements (\$1,500,000) and for the indoor and outdoor pools (\$475,000). The bonds will be paid in full in 2012. The Tiedeman Road portion of this note is paid from property taxes and income taxes paid by the Plain Dealer and set aside annually by ordinance for this purpose. There is still \$3,127,806 outstanding on the bonds. The Special Assessments Bonds are for Street and Sidewalk construction on Northcliff Avenue at the time Ridge Park Square shopping center was constructed. It has one more payment to be made for \$85,000. The Ohio Publics Works Commission is a no interest loan for improvements at the Sanitary Landfill taken out in 1993 for \$1,099,400. Payments are \$27,485 semi-annually. The loan will be paid in full in 2015.

The Honeywell Tax Exempt Loan was put into effect in 1998 to pay for energy improvements to reduce usage and costs. The loan was for \$1,400,171. The monthly payment is \$15,573 and the loan will be paid in full in 2008.

The City also has three bond anticipation notes that are more than five years old. The City has chosen to keep them in notes and pay them off as if they were bonds. The first is for Tiedeman Road improvements. The balance outstanding was \$1,100,000 and was reissued for \$950,000 in 2003. The interest and principal paid on this note also come from property taxes and income tax paid by the Plain Dealer. The second is Street and Sidewalk improvements. This note was for \$380,000 and was reissued at \$310,000. The third note is for the improvements needed to establish Marquardt Park. This note was for \$650,000 and was reissued at \$620,000.

Two other notes for improvements to Biddulph Road total \$520,000 and were reissued at the same amount. These notes were originally sold in 2001 for \$1,250,000.

City of Brooklyn, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2003 was \$40,720,774. The aggregate outstanding debt after issuance of bonds subject to the ten and one-half percent limitation is \$5,231,516. The difference of \$35,489,258 between the maximum issuable amount and the outstanding amount represents the aggregate principal amount of additional voted and unvoted nonexempt debt which the City may issue without exceeding the ten and one-half percent limitation. The City has a long tradition of using debt sparingly. All ratios for debt have had a positive trend for the last ten years. The ratio of Net Bonded Debt to Assessed Value has declined every year since 1993. The same is true with Net General Bonded Debt Per Capita and also with the ratio of Debt Service to General Fund Expenditures. See note 14 of the basic financial statements for additional information on debt.

Current Financial Related Activities

Since 1992, income tax revenues have continually increased. The City already had significant fund balances from previous years. The end of year fund balance has increased each year for the last four years. The total increase over that time is about \$3 million. This is a 56 percent increase in fund balance. The unrestricted balances in 1999 were 20.3 percent of total expenditures for the year. For 2003, the unrestricted balance is 30.8 percent of total annual expenditures. The City considers it prudent to have fund balances that are about 16 percent of annual expenditures. Fund balances are more than adequate to handle emergencies caused by unforeseen breakdowns or natural disasters and to provide flexibility in dealing with economic changes. The City was in a strong financial position four years ago and is in a stronger position today. The administration and City Council are aware of the need to, and the difficulty of, maintaining this financial position.

The City is ideally situated between Interstate 71 and Interstate 77 on Interstate 480, approximately ten minutes from downtown Cleveland, Ohio and approximately 10 minutes from Cleveland Hopkins International Airport. The survey done for the Business Retention and Expansion Task Force showed that this location was the number one reason for locating in this City. Brooklyn actively works to attract new businesses and has been very successful in that endeavor over the years with business enterprises such as the Plain Dealer, Key Bank and American Greetings located here. Brooklyn has a very diverse business base that continues to grow. The City's diverse business base is one of the reasons the downturn in income tax revenue in 2002 was only a 1.1 percent decline. It is also the reason the income rebounded in 2003.

The administration and City Council work hard at keeping the City's debt obligations at a minimum. Outstanding debt is well below the City's debt capacity and debt is being aggressively paid off. The City has a ten year capital improvement plan in place. We plan our projects and finance them so that we can pay cash for many of our facility improvements and acquisitions, and continue to pay cash for most equipment and major machinery purchases necessary to maintain our level of services. We live within our means and plan ahead knowing that responsible leadership commands that we observe and monitor the budget. We manage our assets and our annual budget. Our increasing fund balance is testament to the fact that our philosophy has been backed up with action. A formal financial review is published every six months and revenues and expenditures are reviewed monthly. We have expanded our services but have kept the size of our work force to a level where we believe we meet the needs of our residents.

City of Brooklyn, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2003 Unaudited

The City of Brooklyn has committed itself to financial excellence and has a history of doing just that. The City has received the Government Finance Officers Award Certificate of Achievement for Excellence for fourteen consecutive years. We have produced a Popular Annual Financial Report for the last two years and have received the Award for Outstanding Achievement for each. For the last three years, the City has also received the State Auditor's Award for its commitment to the highest standards in financial reporting. The City of Brooklyn has now adopted GASB 34 within the effective period established by the Governmental Accounting Standards Board. Our commitment to our residents has always been one of full disclosure of the financial position of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information contact the Director of Finance, Gale W. Fisk, 7619 Memphis Avenue, Brooklyn, Ohio 44144, telephone (216) 351-2133 or the City website at www.brooklynohio.gov.

Statement of Net Assets December 31, 2003

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,970,576
Cash and Cash Equivalents:	
In Segregated Accounts	638,253
With Fiscal Agents	4,824
With a Trustee	2,165,922
Materials and Supplies Inventory	39,630
Accrued Interest Receivable	17,578
Accounts Receivable	2,468
Intergovernmental Receivable	723,536
Prepaid Items	132,541
Municipal Income Taxes Receivable	1,258,420
Property and Other Taxes Receivable	2,048,104
Special Assessments Receivable	85,000
Nondepreciable Capital Assets	2,611,037
Depreciable Capital Assets, Net	23,949,303
Total Assets	39,647,192
Liabilities	
Accounts Payable	120,735
Contracts Payable	33,644
Accrued Wages and Benefits	424,796
Intergovernmental Payable	689,739
Vacation Benefits Payable	240,933
Deferred Revenue	1,945,127
Retainage Payable	3,738
Accrued Interest Payable	25,366
Long-Term Liabilities:	
Due Within One Year	1,130,243
Due In More Than One Year	12,189,273
Total Liabilities	16,803,594
Net Assets	
Invested in Capital Assets, Net of Related Debt	19,081,359
Restricted for:	
Capital Projects	2,014,319
Debt Service	344,880
Street Construction, Maintenance and Repair	331,950
Street Lighting	148,860
Court Computer	58,014
Other Purposes	134,707
Unrestricted	729,509
Total Net Assets	\$22,843,598

Statement of Activities For the Year Ended December 31, 2003

		Program R	evenues	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities	1.70 0.000	\$22.5 00	*****	
General Government	\$1,728,888	\$33,508	\$26,647	(\$1,668,733)
Security of Persons and Property	7,434,844	810,495	85,474	(6,538,875)
Transportation	865,328	0	468,008	(397,320)
Community Environment	1,600,235	132,797	82,277	(1,385,161)
Basic Utility Services	2,982,030	13,456	0	(2,968,574)
Leisure Time Activities	2,430,608	613,409	0	(1,817,199)
Interest and Fiscal Charges	229,090	0	0	(229,090)
Totals	\$17,271,023	\$1,603,665	\$662,406	(15,004,952)
	General Revenues			
	Property and Other	Taxes Levied for		
	General Purposes			966,181
	Street Lighting			88,999
	Police Pension			283,463
	Fire Pension			371,627
	Debt Service			
				418,061
	Capital Outlay			38,071
	Municipal Income			10.045.460
	General Purposes			10,045,460
	Debt Service			300,239
	Capital Outlay			1,774,897
	Grants and Entitlem			1 001 000
	to Specific Progra			1,021,200
	Investment Earning	S		135,906
	Miscellaneous			23,490
	Total General Reve	nues		15,467,594
	Change in Net Asse	ts		462,642
	Net Assets Beginnin	ng of Year - See Not	e 3	22,380,956
	Net Assets End of Y	ear		\$22,843,598

Balance Sheet Governmental Funds December 31, 2003

	General	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds
Assets	#2 07 (000	\$ 2 0(2 00	¢1.665.056	¢1,022,220
Equity in Pooled Cash and Cash Equivalents	\$2,976,900	\$296,290	\$1,665,056	\$1,032,330
Cash and Cash Equivalents	22 699	0	0	0
in Segregated Accounts	22,688 0	0	0	0
with Fiscal Agents Restricted Assets:	0	0	3,738	1,086
Cash and Cash Equivalents in Segregated Accounts	615 565	0	0	0
Cash and Cash Equivalents in Segregated Accounts	615,565 2,165,922	0	0	0
Materials and Supplies Inventory	39,630	0	0	0
Accrued Interest Receivable		0	0	0
Accounts Receivable	17,578	-	0	0
	2,468	0	-	0
Interfund Receivable	272,820	0	0	0
Intergovernmental Receivable	483,084	16,984	0	223,468
Prepaid Items	131,826	0	0	715
Municipal Income Taxes Receivable	1,069,657	0	188,763	0
Property and Other Taxes Receivable	903,722	369,157	0	775,225
Special Assessments Receivable	0	78,625	6,375	0
Total Assets	\$8,701,860	\$761,056	\$1,863,932	\$2,032,824
Liabilities and Fund Balances Liabilities Accounts Payable	\$87,926	\$0	\$15,058	\$17,751
Contracts Payable	\$87,920 0	30 0	33,644	\$17,731 0
Accrued Wages and Benefits	412,739	0	0	12,057
Intergovernmental Payable	21,851	0	0	12,037
Vacation Benefits Payable	234,656	0	0	6,277
Deferred Revenue	1,558,334	464,766	70,653	912,170
Retainage Payable	1,558,554	404,700	3,738	912,170
	0	0	5,738 0	-
Interfund Payable	0	0	0	272,820
Total Liabilities	2,315,506	464,766	123,093	1,221,250
Fund Balances				
Reserved for Encumbrances	98,374	0	186,774	95,827
Reserved for Landfill Closure and Postclosure Care	2,781,487	0	0	0
Unreserved, Undesignated, Reported in:	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Ŭ	Ũ	0
General Fund	3,506,493	0	0	0
Special Revenue Funds	0	0	0	512,920
Debt Service Fund	0	296,290	0	0
Capital Projects Funds	0	296,290	1,554,065	202,827
Capital Frojects Funds	0	0	1,334,003	202,827
Total Fund Balances	6,386,354	296,290	1,740,839	811,574
Total Liabilities and Fund Balances	\$8,701,860	\$761,056	\$1,863,932	\$2,032,824

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

December 31, 2003

FundsAmounts reported for governmental activities in the statement of net assets are different because\$5,970,576Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds26,560,340\$2,688(Ag24)Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Property and Other Taxes64,414 482,860\$3,630Municipal Income Taxes428,522 482,522\$17,578Intergovernmental482,860\$272,820Special Assessments85,000\$272,820Total1,060,796\$122,541Intergovernmental payables includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.(667,713)\$13,359,672In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.(25,366)\$120,735Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:(3,127,806) (30,05,923)\$2,206General Obligation Bonds (32,125,807)(3,127,806) (4,124,615)(4,50,256) (2,400,000)\$4,124,615Long-term Notes (4,450,256) Landfill Closure and Postelosure Care (4,457,578) Compensated Absences Payable(13,319,516)\$3,506,493Net Assets of Governmental Activities\$22,843,598\$12,220Net Assets of Governmental Activities\$22,843,598	Total	Total Governmental Fund Balances		\$9,235,057
statement of net assets are different because S5,970,576 22,688 4,824 Other long-term assets are not reported in the funds 26,560,340 Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: 26,560,340 Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: 26,560,340 2,165,922 Property and Other Taxes 64,414 Municipal Income Taxes 482,860 2,2468 Special Assessments 85,000 2723,536 Total 1,060,796 1132,541 Intergovernmental payables includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (667,713) In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (25,366) \$120,735 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds: (3,127,806) 22,026 General Obligation Bonds (3,127,806) 33,044 And payable in the current period and therefore are not reported in the funds: (450,256)	Governmental	A		
\$5,970,576Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds26,560,340C15,565Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:26,560,340C15,565Property and Other Taxes64,41439,630Municipal Income Taxes428,52217,578Intergovernmental482,8602,468Special Assessments85,000723,536Total1,060,796132,541Intergovernmental payables includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds:(667,713)\$13,359,672In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.(25,366)\$120,735Long-term liabilities, including bonds and payable in the current period and therefore are not reported in the funds:(25,366)\$120,735Long-term liabilities, including bonds special Assessment Bonds(3,127,806) (33,005,923(240,000) (4,124,615\$120,735Long-term liabilities, including bonds and payable in the current period and therefore are not reported in the funds:(25,366)\$2120,735Long-term liabilities, including bonds and payable in the current period and therefore are not reported in the funds:(25,366)\$22,026General Obligation Bonds Capetial Lease Obligation Payable Long-Term Notes(2,400,000) (4,124,615(1,22,990)	Funds		i the	
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22,026 General Obligation Bonds (3,127,806) 240,933 Special Assessment Bonds (85,000) 3,005,923 OPWC Loan (632,155) 3,738 Honeywell Loan (783,764) 272,820 Police Pension (55,967) Long-Term Notes (2,400,000) 4,124,615 Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598	33,644	and payable in the current period and therefore	are not	
240,933 Special Assessment Bonds (85,000) 3,005,923 OPWC Loan (632,155) 3,738 Honeywell Loan (783,764) 272,820 Police Pension (55,967) Long-Term Notes (2,400,000) Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598	424,796	reported in the funds:		
3,005,923 OPWC Loan (632,155) 3,738 Honeywell Loan (783,764) 272,820 Police Pension (55,967) Long-Term Notes (2,400,000) 4,124,615 Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598	22,026	General Obligation Bonds	(3,127,806)	
3,738 Honeywell Loan (783,764) 272,820 Police Pension (55,967) Long-Term Notes (2,400,000) 4,124,615 Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598	240,933	Special Assessment Bonds	(85,000)	
272,820 Police Pension (55,967) 4,124,615 Long-Term Notes (2,400,000) Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598	3,005,923	OPWC Loan	(632,155)	
Long-Term Notes (2,400,000) 4,124,615 Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total 3,506,493 Net Assets of Governmental Activities \$12,920 296,290	3,738	Honeywell Loan	(783,764)	
4,124,615 Capital Lease Obligation Payable (450,256) Landfill Closure and Postclosure Care (4,157,578) Compensated Absences Payable (1,626,990) 380,975 Total 3,506,493 Net Assets of Governmental Activities \$12,920 \$22,843,598	272,820	Police Pension	(55,967)	
Landfill Closure and Postclosure Care (4,157,578) 380,975 Compensated Absences Payable (1,626,990) 3,506,493 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598 512,920 296,290 \$22,843,598		Long-Term Notes	(2,400,000)	
380,975 Compensated Absences Payable (1,626,990) 380,975 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598 512,920 296,290 \$22,843,598	4,124,615	Capital Lease Obligation Payable	(450,256)	
380,975 2,781,487 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598 512,920 296,290 \$22,843,598				
2,781,487 Total (13,319,516) 3,506,493 Net Assets of Governmental Activities \$22,843,598 512,920 296,290 \$22,843,598		Compensated Absences Payable	(1,626,990)	
3,506,493 Net Assets of Governmental Activities \$22,843,598 512,920 296,290	380,975			
512,920 296,290	2,781,487	Total	_	(13,319,516)
512,920 296,290				
296,290	3,506,493	Net Assets of Governmental Activities	=	\$22,843,598
	512,920			
1 756 802				
1,/30,832	1,756,892			
9,235,057	9,235,057			
\$13,359,672	\$13,359,672			

City of Brooklyn, Ohio Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2003

	General	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds
Revenues	Contrai	1.00110110	improvements	T unitab
Municipal Income Taxes	\$9,751,221	\$0	\$1,722,972	\$300,239
Property and Other Taxes	950,083	354,328	0	845,894
Charges for Services	822,895	0	0	0
Fines, Licenses and Permits	742,274	0	0	38,496
Intergovernmental	947,605	33,733	0	688,523
Special Assessments	0	69,375	5,625	0
Contributions and Donations	30,381	0	0	0
Interest	118,124	11,770	1,255	4,757
Miscellaneous	23,085	0	405	0
Total Revenues	13,385,668	469,206	1,730,257	1,877,909
Expenditures				
Current:				
General Government	1,522,902	0	0	20,843
Security of Persons and Property	5,824,148	0	0	949,593
Transportation	0	0	0	587,379
Community Environment	1,185,010	0	0	178,995
Basic Utility Services	2,372,466	0	0	154,148
Leisure Time Activities	1,955,914	0	0	0
Capital Outlay	0	0	1,388,901	0
Debt Service:				
Principal Retirement	0	2,549,970	273,997	520,837
Interest and Fiscal Charges	0	180,879	56,229	8,862
Total Expenditures	12,860,440	2,730,849	1,719,127	2,420,657
Excess of Revenues Over				
(Under) Expenditures	525,228	(2,261,643)	11,130	(542,748)
Other Financing Sources (Uses)				
Notes Issued	0	1,880,000	0	520,000
Inceptions of Capital Lease	0	0	245,635	0
Transfers In	0	325,475	0	152,000
Transfers Out	(127,000)	0	(25,000)	(325,475)
Total Other Financing Sources (Uses)	(127,000)	2,205,475	220,635	346,525
Net Change in Fund Balances	398,228	(56,168)	231,765	(196,223)
Fund Balances Beginning of Year - Restated (See Note 3)	5,988,126	352,458	1,509,074	1,007,797
Fund Balances End of Year	\$6,386,354	\$296,290	\$1,740,839	\$811,574

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2003

Total	Net Change in Fund Balances - Total G	overnmental Funds	\$377,602
Governmental	Amounto unported for consummental activ	uitias in tha	
Funds	Amounts reported for governmental activ statement of activities are different beca		
\$11,774,432	statement of activities are different beck	luse	
2,150,305	Governmental funds report capital outlays	as expenditures	
822,895	However, in the statement of activities, t	-	
780,770	assets is allocated over their estimated u		
1,669,861	depreciation expense. This is the amour		
75,000	depreciation exceeded capital outlays in		
30,381	period.		
135,906	Capital Asset Additions	1,380,223	
23,490	Current Year Depreciation	(1,587,538)	
25,470	Total	(1,567,556)	(207,315)
17,463,040	Totul		(207,515)
17,405,040	Revenues in the statement of activities that	t do not provide	
	current financial resources are not report	-	
	Delinquent Property Taxes	16,097	
1,543,745	Municipal Income Taxes	346,164	
6,773,741	Intergovernmental	(16,636)	
587,379	Special Assessments	(75,000)	
1,364,005		(75,000)	
2,526,614	Total		270,625
1,955,914	Total		270,020
1,388,901	Repayment of bond, loan, note and capital	lease principal	
1,500,501	is an expenditure in the governmental fu		
3,344,804	repayment reduces long-term liabilities i		
245,970	of net assets.		3,344,804
			-,,
19,731,073	In the statement of activities, interest is ac	crued on	
	outstanding bonds, whereas in governme		
	interest expenditure is reported when du		16,880
(2,268,033)	r in r		- ,
	Other financing sources in the governmen	tal funds	
	increased long-term liabilities in the stat		
2,400,000	Notes Issued	(2,400,000)	
245,635	Inceptions of Capital Lease	(245,635)	
477,475	Total	· · · · · ·	(2,645,635)
(477,475)			
	Some expenses reported in the statement of	of activities,	
2,645,635	such as compensated absences and pensi		
	do not require the use of current financia	-	
	and therefore are not reported as expend	itures.	
377,602	Pension Obligations	(444,162)	
	Compensated Absences	(184,684)	
	Landfill	(65,473)	
8,857,455	Total	<u>.</u>	(694,319)
\$9,235,057	Change in Net Assets of Governmental A	rtivities	\$462,642
ψ,235,057			ψτ02,0τ2

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual General Fund For the Year Ended December 31, 2003

	Budg	jet		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues					
Municipal Income Taxes	\$9,539,333	\$9,953,362	\$9,949,374	(\$3,988)	
Property and Other Taxes	961,814	1,003,559	945,470	(58,089)	
Charges for Services	783,337	817,336	833,682	16,346	
Fines, Licenses and Permits	681,767	711,358	723,004	11,646	
Intergovernmental	907,599	946,991	962,177	15,186	
Contributions and Donations	28,674	29,919	30,381	462	
Interest	111,088	115,910	130,576	14,666	
Other	26,443	27,590	27,927	337	
Total Revenues	13,040,055	13,606,025	13,602,591	(3,434)	
Expenditures					
Current:					
General Government	1,792,591	1,773,821	1,587,551	186,270	
Security of Persons and Property	5,967,862	5,981,462	5,931,087	50,375	
Community Environment	1,859,851	1,289,851	1,207,290	82,561	
Basic Utility Services	2,518,086	2,561,856	2,501,584	60,272	
Leisure Time Activities	2,101,021	2,126,021	2,019,369	106,652	
Total Expenditures	14,239,411	13,733,011	13,246,881	486,130	
Excess of Revenues Over					
(Under) Expenditures	(1,199,356)	(126,986)	355,710	482,696	
Other Financing Uses					
Advances Out	0	0	(272,820)	(272,820)	
Transfers Out	(128,480)	(133,480)	(127,000)	6,480	
Total Other Financing Uses	(128,480)	(133,480)	(399,820)	(266,340)	
Net Change in Fund Balance	(1,327,836)	(260,466)	(44,110)	216,356	
Fund Balance Beginning of Year	5,507,587	5,507,587	5,507,587	0	
Prior Year Encumbrances Appropriated	144,613	144,613	144,613	0	
Fund Balance End of Year	\$4,324,364	\$5,391,734	\$5,608,090	\$216,356	

Statement of Fiduciary Assets and Liabilities Agency Funds December 31, 2003

Assets Equity in Pooled Cash and Cash Equivalents	\$67,810
Liabilities	
Intergovernmental Payable	\$4
Deposits Held and Due to Others	67,806
Total Liabilities	\$67,810

Note 1 - Description of the City and Reporting Entity

The City of Brooklyn (the "City") is a charter municipal corporation established and operated under the laws of the State of Ohio. A charter was first adopted by the electorate at a general election held in 1951. The current charter provides for a council-mayor form of government. Elected officials include seven council members and a mayor.

Reporting Entity

A 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 City consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government provides the following services to its citizens: a mayor's court, police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, refuse collection, recycling and general administrative services.

The Brooklyn Mayor's Court has been included in the City's financial statements as an agency fund. The mayor is an elected official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City is associated with three jointly governed organizations, the Southwest Council of Governments, the Parma Community General Hospital Association, and the Northeast Ohio Public Energy Council and the Ohio Association of Public Treasurers an insurance purchasing pool. These organizations are presented in Note 17 and Note 18 to the basic financial statements

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Brooklyn have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

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

City of Brooklyn, Ohio Notes to Basic Financial Statements For the Year Ended December 31, 2003

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental 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.

B. Fund Accounting

The City 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 City reports two categories of funds: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Brooklyn and/or the general laws of Ohio.

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for accumulation of resources to pay principal and interest on general obligation, special assessment debt and note debt.

Capital Improvements Fund The capital improvements fund accounts for tax revenues and special assessments expended for various capital projects of the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for deposits pledged by contractors and citizens, building assessment fees collected for the Ohio Board of Building Standards and the Mayor's Court activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statement presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. 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 resolution, 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 Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary modifications may only be made by resolution of the City Council at the legal level of control. The Director of Finance is authorized to transfer appropriations between line items within an object of any department. Budgetary statements are presented beyond that legal level of control for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. 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 certificate of estimated resources in effect at the time the final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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 Council during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Cash and cash equivalents that are held separately for the City by escrow agents are recorded as "Cash and Cash Equivalents with Fiscal Agents".

Cash and cash equivalents that are held separately within departments of the City are recorded as "Cash and Cash Equivalents in Segregated Accounts".

The City utilizes a trust and a segregated account to hold monies set aside for Landfill Closure and Postclosure Care cost. The balance in the trust account is represented on the balance sheet as "Restricted Assets - Cash and Cash Equivalents with a Trustee." The City's additional required set aside amount is represented on the balance sheet as "Restricted Assets - Cash and Cash Equivalents in Segregated Accounts."

During 2003, the City's investments were limited to non-negotiable certificates of deposit, repurchase agreement, Freddie MAC Discount Notes, Federal National Mortgage Association Bonds, and Victory United States Government Obligations Money Market Mutual Funds. Investments are reported at fair value, except for non-negotiable certificates of deposit and repurchase agreements which are reported at cost. Fair value is based on quoted market prices or for investments in open-end mutual funds, by the fund's share price.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2003 amounted to \$118,124, which includes \$29,626 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent amounts required by to be set-aside for Landfill Closure and Postclosure Care.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

J. Capital Assets

The City's only capital assets are general capital assets. General capital assets are those assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives	
Land	N/A	
Buildings	5 - 50 years	
Improvements	5 - 50 years	
Machinery and Equipment	3 - 25 years	
Furniture and Fixtures	7 - 10 years	
Infrastructure	20 years	

The City's infrastructure consists of roads and sidewalks, sanitary sewers, storm sewers, water lines and traffic signals.

K. Interfund Balances

On fund financial statements, receivables and payables resulting in short term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences, landfill closure and postclosure care, capital lease obligations, long-term loans and bonds and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriations in future periods. Fund balance reserves have been established for encumbrances and landfill closure and postclosure care.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions on enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include the operations of the D.A.R.E. program.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

R. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Changes in Accounting Principles and Restatement of Fund Balances/Net Assets

Changes in Accounting Principles For 2003, the City of Brooklyn has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

On the government-wide financial statements, the beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the reclassification of funds based on the guidance provided in Statement No. 34, and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the governments not being able to present budgetary comparisons for the general and each major special revenue fund. This statement was not applicable to the City in 2003.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

Restatement of Fund Balance The implementation of these changes, together with reclassification of the Street and Sidewalk capital projects fund to the General Obligation Bond Retirement debt service fund and reclassification of short-term notes to long-term notes had the following effects on fund balance of the major and nonmajor funds of the School District. The transition from governmental fund balance to net assets of the governmental activities is also presented.

Fund Balance, December 31, 2002	General \$6,199,490	General Obligation Bond Retirement \$352,458	Capital Improvement \$852,032	Nonmajor (\$1,009,151)	Total \$6,394,829
Fund Balance, December 51, 2002		ŕ	\$652,052		\$0,394,829
Fund Reclassification	0	(384,117)	0	384,117	0
Notes Reclassification	0	384,117	657,042	1,637,551	2,678,710
Implementation of GASB					
Interpretation No. 6	(211,364)	0	0	(4,720)	(216,084)
Restated Fund Balance, December 31, 2002	\$5,988,126	\$352,458	\$1,509,074	\$1,007,797	8,857,455
GASB 34 Adjustments: Capital Assets Long-Term (Deferred) Assets Long-Term Liabilities Pension Obligations Accrued Interest Payable Governmental Activities Net Assets, December 31, 2002					26,767,655 790,171 (13,768,528) (223,551) (42,246) \$22,380,956

Note 4 - Fund Deficits

The following funds had deficit fund balances at December 31, 2003:

Nonmajor Funds	
Community Development Block Grant	\$23,993
Bullet Proof Vest	338
FEMA Fire Act	23,547

The deficits in the special revenue funds are the result of short term interfund loans in anticipation of grant monies. Once the monies have been received the deficit balances will be eliminated.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- 1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP basis).
- 2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).
- 3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP basis).
- 4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
- 5. Investments are reported at fair value (GAAP) rather than cost (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance		
GAAP Basis	\$398,228	
Net Adjustment for Revenue Accruals	194,019	
Beginning Fair Value Adjustment for Investments	(5,919)	
Ending Fair Value Adjustment for Investments	6,859	
Beginning Adjustment for Unrecorded Cash	(688)	
Ending Adjustment for Unrecorded Cash	22,652	
Net Adjustment for Expenditure Accruals	(242,967)	
Advances Out	(272,820)	
Adjustment for Encumbrances	(143,474)	
Budget Basis	(\$44,110)	

Net Change in Fund Balance

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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.

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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

- 1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4. Bonds and other obligations of the State of Ohio;
- 5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
- 6. The State Treasurer's investment pool (STAROhio).

Notes to Basic Financial Statements For the Year Ended December 31, 2003

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 City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the City's deposits was \$4,846,177 and the bank balance was \$5,157,974. Of the bank balance:

- 1. \$542,880 was covered by federal depository insurance.
- 2. \$4,615,094 was uncollateralized and uninsured. Although the securities were held by the pledging institutions in the pledging institutions's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments Investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The City's investment in Victory United States Government Obligations Money Market Mutual Funds are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
Repurchase Agreement	\$325,869	\$325,869
Federal National Mortgage Association Bonds	388,262	388,262
	\$714,131	714,131
Victory United States Government Obligations		
Money Market Mutual Funds		3,287,077
Total		\$4,001,208

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting". Cash and equivalents are defined to include investments with original maturities of three months or less and funds included within the City's cash management pool. Notes to Basic Financial Statements For the Year Ended December 31, 2003

A reconciliation between the classification of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash	
	Equivalents/Deposits	Investments
GASB Statement No. 9	\$8,847,385	\$0
Repurchase Agreement	(325,869)	325,869
Federal National Mortgage Association Bonds	(388,262)	388,262
Victory United States Government Obligations		
Money Market Mutual Funds	(3,287,077)	3,287,077
GASB Statement No. 3	\$4,846,177	\$4,001,208

Note 7 - Receivables

Receivables at December 31, 2003, consisted primarily of municipal income taxes, property and other taxes, special assessments, accounts (billings for user charged services and court fines), and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in one year amount to \$85,000 in the general obligation bond retirement debt service fund and capital improvements capital projects fund. At December 31, 2003 the amount of delinquent special assessments was \$22,383.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

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. 2003 public utility property taxes which became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the values as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2003, was \$5.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based as follows:

Real Estate Residential/Agriculture	\$297,301,330
Tangible Personal Property	
Public Utility	19,429,120
General Tangible Personal Property	71,086,443
Total Valuation	\$387,816,893

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 statue permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of North Olmste. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general fund; street lighting, police pension and fire pension special revenue funds; and general obligation bond debt service fund; the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a two percent municipal income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, effective July 1, 2002 through December 31, 2003 eighty-five percent of the income tax proceeds were credited to the general fund and fifteen percent of the income tax proceeds were credited to the capital improvements capital projects fund. By City Ordinance, effective September 1, 1997 through December 31, 2003, fifty percent of gross income tax receipts collected from the Plain Dealer Printing and Distributing Center were credited to the Tiedeman Road capital projects fund, with the remaining fifty percent credited to general fund and the capital improvements capital projects fund in accordance with the City ordinances above.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

C. Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local Government	\$409,625
Homestead and Rollback	91,717
Gasoline Tax	79,829
Gasoline Excise Tax	54,320
Motor Vehicle Registration	27,540
Local Government Revenue Assistance	25,242
Permissive License Tax	15,925
Community Block Development Grant	10,185
Liquor Licenses	6,368
FEMA Small Projects Grants	2,425
Other	360
Total Governmental Activities	\$723,536

Note 8 - Interfund Transfers and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance the D.A.R.E. program; to provide additional resources for current operations or debt service; and to segregate money for anticipated capital projects.

Interfund transfers for the year ended December 31, 2003 consisted of the following:

		Transfer From		
		Capital	Tiedeman	
	General	Improvements	Road	Total
Transfer To				
General Obligation Bond Retirement	\$0	\$0	\$325,475	\$325,475
D.A.R.E.	5,000	0	0	5,000
Police Pension	65,000	0	0	65,000
Fire Pension	57,000	0	0	57,000
Biddulph Road	0	25,000	0	25,000
Total Governmental Activities	\$127,000	\$25,000	\$325,475	\$477,475

Notes to Basic Financial Statements For the Year Ended December 31, 2003

Interfund balances at December 31, 2003, consist of the following individual fund receivables and payables:

	Interfund
	Receivable
	General
	Fund
Interfund Payable	
Community Development Block Grant	\$190,000
Bullet Proof Vest	3,000
FEMA Fire Act	26,820
COPS	50,000
Juvenile Diversion	3,000
Total Governmental Activities	\$272,820

Interfund balances at December 31, 2003, consisted of a general fund advances made to cover expenditures in anticipation of grant monies.

Note 9 - Compensated Absences

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Vacation accumulation is limited to one year. All accumulated unused vacation time is paid upon termination of employment. Employees may only carry over one year of vacation time.

Employees earn sick leave at different rates depending upon type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of fifty percent of accumulated, unused sick leave.

For the Year Ended December 31, 2003

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,611,037	\$0	\$0	\$2,611,037
Capital Assets, being depreciated:				
Buildings	13,806,944	0	0	13,806,944
Improvements Other than Buildings	8,988,455	282,853	(30,425)	9,240,883
Machinery and Equipment	4,077,611	142,376	(20,416)	4,199,571
Vehicles	3,871,084	80,128	(95,102)	3,856,110
Infrastructure				
Roads and Sidewalks	8,139,156	644,856	0	8,784,012
Sanitary Sewer	2,696,363	0	0	2,696,363
Storm Sewer	1,852,894	170,246	0	2,023,140
Water Lines	2,424,870	21,474	0	2,446,344
Traffic Signals	1,977,187	38,290	0	2,015,477
Total Capital Assets, being depreciated	47,834,564	1,380,223	(145,943)	49,068,844
Less Accumulated Depreciation:				
Buildings	(4,920,449)	(279,266)	0	(5,199,715)
Improvements Other than Buildings	(3,315,237)	(301,186)	30,425	(3,585,998)
Machinery and Equipment	(2,094,656)	(331,069)	20,416	(2,405,309)
Vehicles	(1,983,497)	(317,963)	95,102	(2,206,358)
Infrastructure				
Roads and Sidewalks	(5,239,719)	(162,889)	0	(5,402,608)
Sanitary Sewer	(1,812,861)	(45,663)	0	(1,858,524)
Storm Sewer	(1,238,450)	(39,530)	0	(1,277,980)
Water Lines	(1,818,652)	(41,041)	0	(1,859,693)
Traffic Signals	(1,254,425)	(68,931)	0	(1,323,356)
Total Accumulated Depreciation	(23,677,946)	(1,587,538) *	145,943	(25,119,541)
Total Capital Assets, being depreciated, net	24,156,618	(207,315)	0	23,949,303
Governmental Activities Capital Assets, Net	\$26,767,655	(\$207,315)	\$0	\$26,560,340

* Depreciation expense was charged to governmental functions as follow:

General Government	\$133,384
Security of Persons and Property	369,609
Transportation	255,287
Community Environment	136,850
Basic Utility Services	305,616
Leisure Time Activities	386,792
Total Depreciation Expense	\$1,587,538

For the Year Ended December 31, 2003

Note 11 - Risk Management

A. Property and Liability

The City 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 disaster. During 2003, the City contracted through the Edward H. Sutton Insurance Agent for various types of insurance as follows:

Company	Туре	Coverage
Jackson, Dieken & Associates	Blanket Property, and Contents, Replacement	\$21,023,456
	Earthquake Coverage	500,000
	General Liability	3,000,000
	Automobile Liability	1,000,000
	Umbrella Liability	9,000,000
	Public Officials Liability	1,000,000
	Police Professional Liability	1,000,000
	Inland Marine	2,728,953
	Steam Boiler/Machinery	10,000,000
	Electronic Data Processing	120,000

The City carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there were no significant reductions in coverage from the prior year.

B. Workers' Compensation

Workers' Compensation coverage is provided by the State. The City pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. In the past, the City of Brooklyn was rated as an individual public entity. The City has now qualified for and joined the Ohio Association of Public Treasurers, Group Rating Plan (GRP) allowing the City to take advantage of the more favorable group rating and premium discount available through the association.

The City participates in the Ohio Municipal Treasurer Association Group Rating Plan (OMTA) for workers' compensation. The intent of the OMTA is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OMTA. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OMTA. Each participant pays its workers' compensation premium to the State based on the rate for the OMTA rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OMTA. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OMTA. Participation in the OMTA is limited to cities that can meet the OMTA's selection criteria. The firm of Integrated Consulting Services provides administrative, cost control and actuarial services to the OMTA.

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$415,017, \$391,980 and \$409,776, respectively; 62.36 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$1,518 made by the City and \$952 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Notes to Basic Financial Statements For the Year Ended December 31, 2003

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$236,149 and \$315,836 for the year ended December 31, 2003, \$232,862 and \$292,755 for the year ended December 31, 2002, and \$223,616 and \$285,433 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 69.99 percent for police and 87.69 percent for firefighters has been contributed for 2003 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2003, the unfunded liability of the City was \$55,967 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported as "long-term liabilities" in the governmental activities column on the statement of net assets.

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$242,700. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$155,758 for police and \$150,629 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

For the Year Ended December 31, 2003

Note 14 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds and loans follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
Various Purposes General Obligation Refunding Bonds - 1999	3.03-4.45%	\$4,440,000	January 1, 2012
Street and Sidewalk Special Assessment Bonds - 1994	4.15-6.00%	645,000	December 1, 2004
Sanitary Landfill Improvement OPWC Loan - 1992	0.00%	1,099,400	January 1, 2015
Energy Conserviation Honeywell Loan - 1998	5.27%	1,400,171	September 1, 2008
Police Pension - 1988	0.00%	70,770	October 6, 2035
Long-Term Notes			
Tiedeman Road Improvements Notes- 2003	1.25%	950,000	June 10, 2004
Street and Sidewalk Improvements Notes- 2003	1.25%	310,000	June 10, 2004
Marquardt Improvements Notes- 2003	1.25%	620,000	June 10, 2004
Issue II Improvement Notes - 2003	1.25%	175,000	June 10, 2004
Biddulph Road Improvement Notes - 2003	1.25%	345,000	June 10, 2004

Changes in long-term obligations of the City during 2003 are as follows:

	Outstanding 12/31/02	Additions	Reductions	Outstanding 12/31/03	Due in One Year
Governmental Activities:					
General Obligation Refunding Bonds	\$3,417,806	\$0	\$290,000	\$3,127,806	\$295,000
Special Assessment Bonds	160,000	0	75,000	85,000	85,000
OPWC Loan	687,125	0	54,970	632,155	54,970
Honeywell Loan	925,263	0	141,499	783,764	149,139
Police Pension (Note 12)	56,804	0	837	55,967	873
Long-Term Notes:					
Tiedeman Road Improvement Notes	1,100,000	950,000	1,100,000	950,000	0
Street and Sidewalk					
Improvement Notes	380,000	310,000	380,000	310,000	0
Marquardt Park Improvement Notes	650,000	620,000	650,000	620,000	0
Issue II Improvement Notes	175,000	175,000	175,000	175,000	0
Biddulph Road Improvement Notes	345,000	345,000	345,000	345,000	0
Total Long-Term Notes	2,650,000	2,400,000	2,650,000	2,400,000	0
Capital Leases	337,119	245,635	132,498	450,256	173,259
Landfill (Note 16)	4,092,105	65,473	0	4,157,578	0
Compensated Absences	1,442,306	217,722	33,038	1,626,990	372,002
Total Governmental Activities	\$13,768,528	\$2,928,830	\$3,377,842	\$13,319,516	\$1,130,243

Notes to Basic Financial Statements For the Year Ended December 31, 2003

General obligation bonds are the direct obligation of the City and will be paid from the debt service fund using property tax revenues. Special assessment bonds will be paid from special assessment proceeds levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The Ohio Public Works Commission (OPWC) Loans will be paid from the debt service fund using property tax revenues. The Honeywell Loan will be paid by income tax revenues from the capital improvements capital projects fund. Capital leases will be paid from the capital improvements capital projects fund.

The police pension liability will be paid from levied taxes in the police pension special revenue fund. The landfill will be paid for using designated general fund revenues which are for landfill closure and postclosure care. During 2003 a re-evaluation of the landfill total yearly post-closure cost estimate and landfill closure and postclosure care liability was completed and resulted in a decrease in the value. (See Note 16) Compensated absences will be paid by the general fund and street construction, maintenance and repair special revenue fund.

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued have been reported in the government wide statements. The notes are backed by the full faith of the City of Brooklyn.

On March 18, 1999, the City issued \$4,440,000 in general obligation bonds with interest rates varying from 3.30 percent to 4.45 percent, for the purpose of advance refunding \$3,945,000 of 1992 various purpose bonds. As of December 31, 2000, the refunded various purpose improvement bonds are considered fully defeased. The balance outstanding for the bonds is \$3,127,806 as of December 31, 2003.

The City's overall legal debt margin was \$35,489,258 at December 31, 2003. The unvoted legal debt margin was \$16,098,413. Principal and interest requirements to retire the long-term obligations as of December 31, 2003, are as follows:

	General Obligation Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2004	\$295,000	\$130,855	\$85,000	\$5,100	\$54,970
2005	310,000	119,645	0	0	54,970
2006	320,000	107,710	0	0	54,970
2007	335,000	95,070	0	0	54,970
2008	355,000	141,503	0	0	54,970
2009-2013	1,512,806	172,846	0	0	274,850
2014-2014	0	0	0	0	82,455
Total	\$3,127,806	\$767,629	\$85,000	\$5,100	\$632,155

Notes to Basic Financial Statements For the Year Ended December 31, 2003

	Honeywell Loan		Police Pension	
-	Principal	Interest	Principal	Interest
2004	\$149,139	\$37,734	\$873	\$2,369
2005	157,191	29,682	910	2,332
2006	165,677	21,195	949	2,293
2007	174,622	12,251	990	2,252
2008	137,135	3,028	1,033	2,210
2009-2013	0	0	5,868	10,342
2014-2018	0	0	7,242	8,968
2019-2023	0	0	8,937	7,273
2024-2028	0	0	11,028	5,182
2029-2033	0	0	13,609	2,601
2034-2035	0	0	4,528	191
Total	\$783,764	\$103,890	\$55,967	\$46,013
	Long-Term Notes		Total	
-	Principal	Interest	Principal	Interest
2004	\$2,400,000	\$30,000	\$2,984,982	\$206,058
2005	0	0	523,071	151,659
2006	0	0	541,596	131,198
2007	0	0	565,582	109,573
2008	0	0	548,128	146,741
2009-2013	0	0	1,793,524	183,188
2014-2018	0	0	89,697	8,968
2019-2023	0	0	8,937	7,273
2024-2028	0	0	11,028	5,182
2029-2033	0	0	13,609	2,601
2034-2035	0	0	4,528	191
Total	\$2,400,000	\$30,000	\$7,084,682	\$952,632

Industrial Development Revenue Bonds

The City has issued industrial development revenue bonds in the aggregate outstanding principal amount of \$925,000 at December 31, 2003 for facilities used by private corporations. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

Note 15 - Capital Leases

The City entered into lease agreements for pool improvements, network cabling, two salt trucks and three police cars. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Governmental Activities	
Capital Assets, being depreciated:	
Improvements Other than Buildings	\$370,635
Vehicles	279,091
Total Capital Assets, being depreciated	649,726
Less Accumulated Depreciation:	
Improvements Other than Buildings	(9,177)
Vehicles	(56,706)
Total Accumulated Depreciation	(65,883)
Capital Assets, Net	\$583,843

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2003.

Fiscal Year Ending December 30,	Governmental Activities
2004	\$185,618
2005	148,994
2006	106,729
2007	32,232
Total	473,573
Less: Amount Representing Interest	(23,317)
Present Value of Net Minimum Lease Payments	\$450,256

Note 16 - Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. During 2003 a re-evaluation of the landfill total yearly postclosure cost estimate and landfill closure and postclosure care liability was completed. The re-evaluation was approved by the Ohio Environmental Protection Agency. The \$4,157,578 reported as landfill closure and postclosure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of 65.17 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,088,043 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. The City expects to close the landfill in the year 2038. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance landfill closure and postclosure care. The City is in compliance with these requirements and made its first contribution in 1995. These are reported as restricted assets on the balance sheet as "cash and cash equivalents with a trustee" and "cash and cash equivalents in segregated accounts." The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by future tax revenues.

City of Brooklyn, Ohio Notes to Basic Financial Statements For the Year Ended December 31, 2003

The City had restricted \$615,565 in segregated accounts and an additional \$2,165,922 with a trustee to provide a total of \$2,781,487 for the landfill closure and postclosure care costs as of December 31, 2003.

Note 17 - Jointly Governed Organizations

A. 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 City's degree of control is limited to its representation on the board. In 2003, the City contributed \$7,500.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZ MAT") which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities 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.

B. Parma Community General Hospital Association

The Parma Community General Hospital Association is a not for profit adult care hospital controlled by a Board of Trustees which is composed of Mayoral appointees from the Cities of Brooklyn, North Royalton, Parma, Parma Heights, Seven Hills, and Brooklyn Heights. Each City has two representatives on the Board other than Parma, which has six. The operations, maintenance and management of the hospital are the exclusive charge of the Parma Community General Hospital Association. The City'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 Cities have no responsibility for the payment of bonds, nor is there any ongoing financial interest or responsibility by the City to the hospital.

Because there is no ongoing equity interest, there is no requirement to disclose the investment in the jointly governed organization. The City of Brooklyn has made no contributions to the hospital during the year. The hospital's financial statements may be obtained by contacting the Parma Community General Hospital, Parma, Ohio.

C. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). 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.

Notes to Basic Financial Statements For the Year Ended December 31, 2003

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 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. The City of Brooklyn did not contribute to NOPEC during 2003. Financial information can be obtained by contacting the Board Chairman at 1615 Clark Avenue, Cleveland, Ohio, 44109.

Note 18 - Contingencies

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2003.

B. Litigation

The City of Brooklyn is a party to legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 19- Subsequent Event

On June 10, 2004, the City retired \$2,400,000 in general obligation bond anticipation notes and issued \$1,910,000 in new notes with a maturity date of May 25, 2005, and an interest rate of 2.25 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Tiedeman Road Improvement Notes	\$950,000	\$675,000
Street and Sidewalk Improvement Notes	310,000	225,000
Marquardt Park Improvement Notes	620,000	575,000
Issue II Improvement Notes	175,000	90,000
Biddulph Road Improvement Notes	345,000	345,000
Total Notes	\$2,400,000	\$1,910,000

Combining Statements and Individual Fund Schedules

Fund Descriptions - Nonmajor Funds

Nonmajor Special Revenue Funds

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Street Maintenance and Repair Fund - This fund accounts for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of designated streets within the City and for the maintenance and operations of the street department.

State Highway Fund - This fund accounts for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Community Development Block Grant Fund - This fund accounts for revenues received from the federal government and City matching funds and expenditures as prescribed under the Community Development Block Grant Program.

Street Lighting Fund - This fund accounts for property taxes levied to pay for street lighting expenditures within the City.

Motor Vehicle License Tax Fund - This fund accounts for the City's share of motor vehicle license tax levied by the County.

Recycling and Litter Fund - This fund accounts for monies received from the State to be used for litter prevention and the recycling program in the City.

D.A.R.E. Fund - This fund accounts for monies used to educate the public regarding drug abuse and drug abuse prevention.

Bullet Proof Vest Fund - This fund accounts for revenues received from the federal government and expenditures as prescribed under the Bullet Proof Vest Partnership Grant Program.

FEMA Fire Act Fund - This fund accounts for revenues received from the federal government and expenditures as prescribed under the Federal Emergency Management Agency's Assistance to Firefighters Grant Program for Wellness and Fitness.

COPS Fund - This fund accounts for revenues received from the State government and expenditures as prescribed under the COPS Program.

Law Enforcement Fund - This fund accounts for monies received from fines from convictions related to drug cases used for the education of the community.

Mandatory Drug Law Fund - This fund accounts for monies received from drug fines and forfeited bonds to be used only for drug investigations.

Police Pension Fund - This fund accounts for property taxes collected to pay the City's share of police pension benefits.

Fire Pension Fund - This fund accounts for property taxes collected to pay the City's share of fire pension benefits.

Fund Descriptions - Nonmajor Funds (continued)

Underground Storage Tank Fund - This fund accounts for monies transferred for potential expenditures related to the City's underground storage tanks.

Groeger Trust Fund - This fund accounts for the interest received from investments of an independent trust used for the benefit of the Brooklyn Senior Center.

Court Computer Fund - This fund accounts for fines collected to be used to update court computer systems.

Juvenile Diversion Fund - This fund accounts for monies received from Cuyahoga County to be used to establish or expend community policing programs.

Nonmajor Capital Projects Funds

Tiedeman Road Fund - This fund accounts for tax revenue for the widening and improvement of Tiedeman Road.

Issue II Fund - This fund accounts for grant monies received from the Ohio Public Works Commission plus City matching funds. Expenditures are restricted to specific projects within the City.

Biddulph Road Fund - This fund accounts for federal grant monies received from the Ohio Department of Transportation plus City and County matching funds used for the improvement of Biddulph Road.

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$829,503	\$202,827	\$1,032,330
Cash and Cash Equivalents			
with Fiscal Agents	1,086	0	1,086
Intergovernmental Receivable	223,468	0	223,468
Prepaid Items	715	0	715
Property and Other Taxes Receivable	775,225	0	775,225
Total Assets	\$1,829,997	\$202,827	\$2,032,824
Liabilities and Fund Balances Liabilities			
Accounts Payable	\$17,751	\$0	\$17,751
Accrued Wages and Benefits	12,057	30 0	12,057
Intergovernmental Payable	12,037	0	12,037
Vacation Benefits Payable	6,277	0	6,277
Deferred Revenue	912,170	0	912,170
Interfund Payable	272,820	0	272,820
Total Liabilities	1,221,250	0	1,221,250
Fund Balances			
Reserved for Encumbrances	95,827	0	95,827
Unreserved, Undesignated, Reported in:	,027	Ū	<i>,</i> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Special Revenue Funds	512,920	0	512,920
Capital Projects Funds	0	202,827	202,827
			,/
Total Fund Balances	608,747	202,827	811,574
Total Liabilities and Fund Balances	\$1,829,997	\$202,827	\$2,032,824
	<i>\\</i> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	<i><i><i>4202,021</i></i></i>	<i><i><i>v</i>2,<i>v</i>32,<i>0</i>21</i></i>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2003

Revenues Municipal Income Taxes	Nonmajor Special Revenue Funds \$0	Nonmajor Capital Projects Funds \$300,239	Total Nonmajor Governmental Funds \$300,239
Property and Other Taxes	744,090	101,804	845,894
Fines, Licenses and Permits	38,496	0	38,496
Intergovernmental	688,523	0	688,523
Interest	3,009	1,748	4,757
Total Revenues	1,474,118	403,791	1,877,909
Expenditures			
Current:	20.042	0	20.042
General Government	20,843	0	20,843
Security of Persons and Property	949,593	0	949,593
Transportation	587,379	0	587,379
Community Environment	178,995	0	178,995
Basic Utility Services	154,148	0	154,148
Debt Service:	927	520.000	520 927
Principal Retirement	837	520,000	520,837
Interest and Fiscal Charges	2,405	6,457	8,862
Total Expenditures	1,894,200	526,457	2,420,657
Excess of Revenues			
Under Expenditures	(420,082)	(122,666)	(542,748)
Other Financing Sources (Uses)			
Notes Issued	0	520,000	520,000
Transfers In	127,000	25,000	152,000
Transfers Out	0	(325,475)	(325,475)
Total Other Financing Sources (Uses)	127,000	219,525	346,525
Net Change in Fund Balances	(293,082)	96,859	(196,223)
Fund Balances Beginning of Year	901,829	105,968	1,007,797
Fund Balances End of Year	\$608,747	\$202,827	\$811,574

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2003

Assets	Street Maintenance and Repair	State Highway	Community Development Block Grant	Street Lighting
Equity in Pooled Cash and Cash Equivalents	\$134,141	\$57,304	\$164,921	\$154,419
Cash and Cash Equivalents	+,		<i>+-+</i> , <i>y</i> =-	<i></i>
with Fiscal Agents	0	0	1,086	0
Intergovernmental Receivable	149,562	12,126	10,185	4,247
Prepaid Items	0	0	0	0
Property and Other Taxes Receivable	0	0	0	92,230
Total Assets	\$283,703	\$69,430	\$176,192	\$250,896
Liabilities and Fund Balances Liabilities				
Accounts Payable	\$5,307	\$299	\$0	\$12,041
Accrued Wages and Benefits	10,677	0	0	0
Intergovernmental Payable	155	0	0	0
Vacation Benefits Payable	6,277	0	0	0
Deferred Revenue	75,954	6,158	10,185	96,477
Interfund Payable	0	0	190,000	0
Total Liabilities	98,370	6,457	200,185	108,518
Fund Balances				
Reserved for Encumbrances	934	3,554	84,603	1,500
Unreserved, Undesignated (Deficit)	184,399	59,419	(108,596)	140,878
Total Fund Balances (Deficit)	185,333	62,973	(23,993)	142,378
Total Liabilities and Fund Balances	\$283,703	\$69,430	\$176,192	\$250,896

Motor Vehicle License Tax	Recycling and Litter	D.A.R.E	Bullet Proof Vest	FEMA Fire Act	COPS	Law Enforcement
\$27,915	\$5,781	\$35,593	\$2,662	\$3,273	\$50,000	\$10,742
0 15,926 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0
\$43,841	\$5,781	\$35,593	\$2,662	\$3,273	\$50,000	\$10,742
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0 0	0	1,380	0	0	0 0	0 0
0	0	20	0	0	0	0
0	0	0	0	0	0	0
8,979	0	0	0	0	0	0
0	0	0	3,000	26,820	50,000	0
8,979	0	1,400	3,000	26,820	50,000	0
0 34,862	0 5,781	0 34,193	0 (338)	3,273 (26,820)	0 0	0 10,742
34,862	5,781	34,193	(338)	(23,547)	0	10,742
\$43,841	\$5,781	\$35,593	\$2,662	\$3,273	\$50,000	\$10,742

Combining Balance Sheet Nonmajor Special Revenue Funds (continued) December 31, 2003

Assets	Mandatory Drug Law	Police Pension	Fire Pension	Underground Storage Tank
Equity in Pooled Cash and Cash Equivalents	\$14,399	\$10,603	\$27,048	\$27,878
Cash and Cash Equivalents	<i>Q</i> 1 1,0000	\$10,000	<i>q</i> _ 7,010	<i>Q</i> _ 7,070
with Fiscal Agents	0	0	0	0
Intergovernmental Receivable	0	13,588	17,834	0
Prepaid Items	0	0	0	0
Property and Other Taxes Receivable	0	295,325	387,670	0
Total Assets	\$14,399	\$319,516	\$432,552	\$27,878
Liabilities and Fund Balances Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	Ф0 0	0 0	0	0
Intergovernmental Payable	0	0	0	0
Vacation Benefits Payable	0	0	0	0
Deferred Revenue	0	308,913	405,504	0
Interfund Payable	0	0	0	0
Total Liabilities	0	308,913	405,504	0
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	14,399	10,603	27,048	27,878
Total Fund Balances (Deficit)	14,399	10,603	27,048	27,878
Total Liabilities and Fund Balances	\$14,399	\$319,516	\$432,552	\$27,878

Groeger Trust	Court Computer	Juvenile Diversion	Total Nonmajor Special Revenue Funds
\$40,009	\$57,403	\$5,412	\$829,503
0	0	0	1,086
0	0	0	223,468
0	715	0	715
0	0	0	775,225
\$40,009	\$58,118	\$5,412	\$1,829,997
\$0	\$104	\$0	¢17 751
50 0	\$104 0	\$0 0	\$17,751 12,057
0	0	0	12,037
0	0	0	6,277
0	0	0	912,170
0	0	3,000	272,820
0	104	3,000	1,221,250
0	1,963	0	95,827
40,009	56,051	2,412	512,920
40,009	58,014	2,412	608,747

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2003

Revenues Property and Other Taxes Fines, Licenses and Permits Intergovernmental Interest	Street Maintenance and Repair \$0 0 431,097 1,860	State Highway \$0 0 35,013 536	Community Development Block Grant \$0 0 69,655 0	Street Lighting \$89,001 0 4,074 0
Total Revenues	432,957	35,549	69,655	93,075
Expenditures Current: General Government Security of Persons and Property Transportation Community Environment	0 0 504,696 0 0	$0 \\ 0 \\ 45,464 \\ 0 \\ 0 \\ 0$	0 0 0 177,245 0	0 0 0 0
Basic Utility Services Debt Service: Principal Retirement Interest and Fiscal Charges	0 0 0	0 0 0	0	154,148 0 0
Total Expenditures	504,696	45,464	177,245	154,148
Excess of Revenues Over (Under) Expenditures	(71,739)	(9,915)	(107,590)	(61,073)
Other Financing Sources Transfers In	0	0	0	0
I ransiers in	0	0	0	0
Net Change in Fund Balances	(71,739)	(9,915)	(107,590)	(61,073)
Fund Balances Beginning of Year	257,072	72,888	83,597	203,451
Fund Balances (Deficit) End of Year	\$185,333	\$62,973	(\$23,993)	\$142,378

	\$0			Fire Act	Enforcement
\$0		\$0	\$0	\$0	\$0
0	0	0	0	0	711
29,003	2,437	31,261	2,662	3,443	0
330	0	0	0	0	0
29,333	2,437	31,261	2,662	3,443	711
0	0	0	0	0	0
0	0	36,031	3,853	26,990	1,951
37,219	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
37,219	0	36,031	3,853	26,990	1,951
(7,886)	2,437	(4,770)	(1,191)	(23,547)	(1,240)
0	0	5,000	0	0	0
(7,886)	2,437	230	(1,191)	(23,547)	(1,240)
42,748	3,344	33,963	853	0	11,982
\$34,862	\$5,781	\$34,193	(\$338)	(\$23,547)	\$10,742

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds (continued) For the Year Ended December 31, 2003

	Mandatory Drug Law	Police Pension	Fire Pension	Underground Storage Tank
Revenues				
Property and Other Taxes	\$0	\$283,463	\$371,626	\$0
Fines, Licenses and Permits	18,345	0	0	0
Intergovernmental	0	28,733	38,041	0
Interest	0	0	0	0
Total Revenues	18,345	312,196	409,667	0
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	36,958	377,367	453,893	0
Transportation	0	0	0	0
Community Environment	0	0	0	1,750
Basic Utility Services	0	0	0	0
Debt Service:				
Principal Retirement	0	837	0	0
Interest and Fiscal Charges	0	2,405	0	0
Total Expenditures	36,958	380,609	453,893	1,750
Excess of Revenues Over				
(Under) Expenditures	(18,613)	(68,413)	(44,226)	(1,750)
Other Financing Sources				
Transfers In	0	65,000	57,000	0
Net Change in Fund Balances	(18,613)	(3,413)	12,774	(1,750)
Fund Balances				
Beginning of Year	33,012	14,016	14,274	29,628
Fund Balances (Deficit) End of Year	\$14,399	\$10,603	\$27,048	\$27,878

Groeger Trust	Court Computer	Juvenile Diversion	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$744,090
0 \$0	50 19,440	0	\$744,090 38,496
0	19,440	13,104	688,523
283	0	0	3,009
205	0	0	5,007
283	19,440	13,104	1,474,118
0	20,843	0	20,843
0	0	12,550	949,593
0	0	0	587,379
0	0	0	178,995
0	0	0	154,148
0	0	0	837
0	0	0	2,405
0	20,843	12,550	1,894,200
283	(1,403)	554	(420,082)
0	0	0	127,000
283	(1,403)	554	(293,082)
39,726	59,417	1,858	901,829
\$40,009	\$58,014	\$2,412	\$608,747

Combining Balance Sheet Nonmajor Capital Projects Funds December 31, 2003

Assets Equity in Pooled Cash and Cash Equivalents	Tiedeman Road \$193,609	Issue II \$2,759	Biddulph Road \$6,459	Total Nonmajor Capital Projects Funds \$202,827
Liabilities and Fund Balances Liabilities	\$0	\$0	\$0	\$0
Fund Balances Unreserved, Undesignated	193,609	2,759	6,459	202,827
Total Liabilities and Fund Balances	\$193,609	\$2,759	\$6,459	\$202,827

Combing Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Year Ended December 31, 2003

	Tiedeman Road	Issue II	Biddulph Road	Total Nonmajor Capital Projects Funds
Revenues				
Municipal Income Taxes	\$300,239	\$0	\$0	\$300,239
Property and Other Taxes	101,804	0	0	101,804
Interest	1,748	0	0	1,748
Total Revenues	403,791	0	0	403,791
Expenditures				
Debt Service:				
Principal Retirement	0	175,000	345,000	520,000
Interest and Fiscal Charges	0	2,173	4,284	6,457
Total Expenditures	0	177,173	349,284	526,457
Excess of Revenues Over (Under) Expenditures	403,791	(177,173)	(349,284)	(122,666)
Other Financing Sources (Uses)				
Notes Issued	0	175,000	345,000	520,000
Transfers In	0	0	25,000	25,000
Transfers Out	(325,475)	0	0	(325,475)
Total Other Financing Sources (Uses)	(325,475)	175,000	370,000	219,525
Net Change in Fund Balances	78,316	(2,173)	20,716	96,859
Fund Balances (Deficit)				
Beginning of Year	115,293	4,932	(14,257)	105,968

\$193,609

\$2,759

\$6,459

\$202,827

Fund Balances End of Year

Fund Descriptions - Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Agency Funds

Required Deposits Fund - This fund accounts for deposits made by citizens, contractors or vendors held by the City to ensure compliance with various City ordinances.

Building Assessment Fees Fund - This fund was established in accordance with Senate Bill 359 that states that all political subdivisions that collect fees for acceptance and approval of plans for commercial and industrial building must collect and remit a monthly fee to the State on behalf of the Ohio Board of Building Standards.

Mayor's Court Fund - This fund accounts for the activities within the mayor's court.

Combining Statement of Assets and Liabilities Agency Funds December 31, 2003

	Required Deposits	Building Assessment Fees	Total
Assets Equity in Pooled Cash and Cash Equivalents	\$67,806	\$4	\$67,810
Liabilities			
Intergovernmental Payable	\$0	\$4	\$4
Deposits Held and Due to Others	67,806	0	67,806
Total Liabilities	\$67,806	\$4	\$67,810

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Reductions	Balance 12/31/03
Required Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$73,703	\$15,080	\$20,977	\$67,806
Liabilities Deposits Held and Due to Others	\$73,703	\$15,080	\$20,977	\$67,806
Deposits field and Due to Oulers		\$10,000		
Building Assessment Fees				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$23	\$2,300	\$2,319	\$4
Liabilities Intergovernmental Payable	\$23	\$2,300	\$2,319	\$4
Mayor's Court				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$28,564	\$915,985	\$944,549	\$0
Liabilities				
Intergovernmental Payable Undistributed Monies	\$12,205 16,359	\$12,415 903,570	\$24,620 919,929	\$0 0
Total Liabilities	\$28,564	\$915,985	\$944,549	\$0

Combining Statement of Changes in Assets and Liabilities Agency Funds (continued) For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Reductions	Balance 12/31/03
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$73,726	\$17,380	\$23,296	\$67,810
Cash and Cash Equivalents in	20.564	015 005	044 540	0
Segregated Accounts	28,564	915,985	944,549	0
Total Assets	\$102,290	\$933,365	\$967,845	\$67,810
Liabilities				
Intergovernmental Payable	\$12,228	\$14,715	\$26,939	\$4
Undistributed Monies	16,359	903,570	919,929	0
Deposits Held and Due to Others	73,703	15,080	20,977	67,806
Total Liabilities	\$102,290	\$933,365	\$967,845	\$67,810

Individual Fund Schedules of Revenues, Expenditures

and Changes in Fund Balances

Budget (Non-GAAP Basis) and Actual

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Municipal Income Taxes	\$9,539,333	\$9,953,362	\$9,949,374	(\$3,988)
Property and Other Taxes	961,814	1,003,559	945,470	(58,089)
Charges for Services	783,337	817,336	833,682	16,346
Fines, Licenses and Permits	681,767	711,358	723,004	11,646
Intergovernmental	907,599	946,991	962,177	15,186
Contributions and Donations	28,674	29,919	30,381	462
Interest	111,088	115,910	130,576	14,666
Other	26,443	27,590	27,927	337
Total Revenues	13,040,055	13,606,025	13,602,591	(3,434)
Expenditures				
Current:				
General Government:				
Income Tax:				
Personal Services	133,975	133,975	133,612	363
Materials and Supplies	31,190	31,190	22,639	8,551
Contractual Services	13,550	13,550	9,981	3,569
Capital Outlay	900	900	0	900
Total Income Tax	179,615	179,615	166,232	13,383
Council:				
Personal Services	102,510	102,510	101,624	886
Materials and Supplies	1,460	1,460	4,739	(3,279)
Contractual Services	15,750	10,750	95	10,655
Total Council	119,720	114,720	106,458	8,262
Mayor:				
Personal Services	196,095	196,095	184,292	11,803
Materials and Supplies	9,240	9,240	6,899	2,341
Contractual Services	8,300	8,300	16,653	(8,353)
Capital Outlay	2,700	2,700	395	2,305
Other	7,200	7,200	4,246	2,954
Total Mayor	\$223,535	\$223,535	\$212,485	\$11,050

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund (continued) For the Year Ended December 31, 2003

	Budgeted	Amounts		Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Legal:				
Personal Services	\$265,730	\$255,730	\$217,813	\$37,917
Materials and Supplies	1,350	1,350	535	815
Contractual Services	60,160	60,160	76,299	(16,139)
Other	180	180	0	180
Total Legal	327,420	317,420	294,647	22,773
Finance:				
Personal Services	308,382	308,382	292,775	15,607
Materials and Supplies	9,583	9,583	8,638	945
Contractual Services	45,075	32,075	22,391	9,684
Capital Outlay	27,345	20,345	12,451	7,894
Total Finance	390,385	370,385	336,255	34,130
Civil Service:				
Personal Services	10,185	10,185	9,964	221
Materials and Supplies	980	980	19	961
Contractual Services	4,600	4,600	1,155	3,445
Total Civil Service	15,765	15,765	11,138	4,627
Engineering:				
Personal Services	121,901	121,901	91,562	30,339
Contractual Services	960	960	960	0
Total Engineering	122,861	122,861	92,522	30,339
Miscellaneous:				
Personal Services	11,250	11,250	70	11,180
Contractual Services	312,040	322,040	305,245	16,795
Capital Outlay	90,000	96,230	62,499	33,731
Total Miscellaneous	413,290	429,520	367,814	61,706
otal General Government	\$1,792,591	\$1,773,821	\$1,587,551	\$186,270
otal General Government	\$1,792,591	\$1,773,821	\$1,587,551	\$186,2

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund (continued) For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Security of Persons and Property:				
Public Safety:				
Personal Services	\$3,152,476	\$3,152,476	\$3,121,185	\$31,291
Materials and Supplies	112,578	112,578	132,789	(20,211)
Contractual Services	198,223	198,223	171,465	26,758
Capital Outlay	31,900	5,500	19,356	(13,856)
Other	3,000	3,000	637	2,363
Total Public Safety	3,498,177	3,471,777	3,445,432	26,345
Fire Department:				
Personal Services	2,319,145	2,359,145	2,375,251	(16,106)
Materials and Supplies	47,504	47,504	34,367	13,137
Contractual Services	61,084	61,084	46,665	14,419
Capital Outlay	41,952	41,952	29,372	12,580
Total Fire Department	2,469,685	2,509,685	2,485,655	24,030
Total Security of Persons and Property	5,967,862	5,981,462	5,931,087	50,375
Community Environment:				
Public Lands and Buildings:				
Personal Services	93,655	88,655	84,814	3,841
Materials and Supplies	36,415	28,415	33,937	(5,522)
Contractual Services	764,568	689,568	659,794	29,774
Capital Outlay	36,700	29,700	19,116	10,584
Total Public Lands and Buildings	931,338	836,338	797,661	38,677
Public Service:				
Personal Services	144,399	144,399	139,493	4,906
Materials and Supplies	2,520	2,520	0	2,520
Contractual Services	250	250	0	250
Total Public Service	147,169	147,169	139,493	7,676
Building Department:				
Personal Services	184,506	184,506	184,211	295
Materials and Supplies	3,880	3,880	5,866	(1,986)
Contractual Services	10,500	10,500	5,543	4,957
Total Building Department	\$198,886	\$198,886	\$195,620	\$3,266

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund (continued) For the Year Ended December 31, 2003

Recycling: Personal Services Materials and Supplies	Original \$52,648 13,275 16,535 82,458	Final \$52,648 13,275 16,535	Actual \$56,286 2,451	Positive (Negative) (\$3,638)
Personal Services	13,275 16,535	13,275		(\$3,638)
Personal Services	13,275 16,535	13,275		(\$3,638)
Materials and Supplies	16,535			
interitatio anta Supplies		16,535		10,824
Contractual Services	82,458		14,779	1,756
Total Recycling	·	82,458	73,516	8,942
Landfill:				
Contractual Services	500,000	25,000	1,000	24,000
Total Community Environment	1,859,851	1,289,851	1,207,290	82,561
Garage:				
Personal Services	2,222,225	2,257,225	2,216,326	40,899
Materials and Supplies	157,388	182,388	183,037	(649)
Contractual Services	77,476	77,476	68,348	9,128
Capital Outlay	60,997	44,767	33,873	10,894
Total Basic Utility Services	2,518,086	2,561,856	2,501,584	60,272
Leisure Time Activities:				
Recreation Center:				
Personal Services	737,023	735,023	721,141	13,882
Materials and Supplies	78,724	73,724	56,352	17,372
Contractual Services	120,180	120,180	92,272	27,908
Capital Outlay	9,700	9,700	9,341	359
Total Recreation Center	945,627	938,627	879,106	59,521
Indoor/Outdoor Pool:				
Personal Services	472,929	487,929	482,199	5,730
Materials and Supplies	78,362	78,362	59,140	19,222
Contractual Services	61,930	66,930	70,204	(3,274)
Capital Outlay	4,963	4,963	3,479	1,484
Total Indoor/Outdoor Pool	618,184	638,184	615,022	23,162
Parks:				
Personal Services	81,215	87,215	88,802	(1,587)
Materials and Supplies	30,000	30,000	23,601	6,399
Contractual Services	52,150	52,150	44,968	7,182
Capital Outlay	9,000	15,000	18,804	(3,804)
Total Parks	\$172,365	\$184,365	\$176,175	\$8,190

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund (continued) For the Year Ended December 31, 2003

	Budgeted A	Amounts		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Senior Services:					
Personal Services	\$269,432	\$269,432	\$266,319	\$3,113	
Materials and Supplies	15,723	15,723	13,594	2,129	
Contractual Services	76,190	76,190	67,211	8,979	
Capital Outlay	1,500	1,500	1,942	(442)	
Other	2,000	2,000	0	2,000	
Total Senior Services	364,845	364,845	349,066	15,779	
Total Leisure Time Activities	2,101,021	2,126,021	2,019,369	106,652	
Total Expenditures	14,239,411	13,733,011	13,246,881	486,130	
Excess of Revenues Over					
(Under) Expenditures	(1,199,356)	(126,986)	355,710	482,696	
Other Financing Uses					
Advances Out	0	0	(272,820)	(272,820)	
Transfers Out	(128,480)	(133,480)	(127,000)	6,480	
Total Other Financing Uses	(128,480)	(133,480)	(399,820)	(266,340)	
Net Change in Fund Balance	(1,327,836)	(260,466)	(44,110)	216,356	
Fund Balance Beginning of Year	5,507,587	5,507,587	5,507,587	0	
Prior Year Encumbrances Appropriated	144,613	144,613	144,613	0	
Fund Balance End of Year	\$4,324,364	\$5,391,734	\$5,608,090	\$216,356	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Obligation Bond Retirement Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
D				
Revenues Special Assessments	\$147,467	\$81,004	\$69,375	(\$11,629)
Intergovernmental	34,828	19,722	33,733	14,011
Property and Other Taxes	639,086	361,908	354,328	(7,580)
Interest	15,847	11,479	11,559	80
Total Revenues	837,228	474,113	468,995	(5,118)
Expenditures				
Debt Service:				
Principal Retirement	2,733,045	2,555,472	2,549,970	5,502
Interest and Fiscal Charges	3,000	180,573	180,879	(306)
Total Expenditures	2,736,045	2,736,045	2,730,849	5,196
Excess of Revenues				
Under Expenditures	(1,898,817)	(2,261,932)	(2,261,854)	78
Other Financing Sources				
Notes Issued	1,880,000	1,880,000	1,880,000	0
Transfers In	325,475	325,475	325,475	0
Total Other Financing Uses	2,205,475	2,205,475	2,205,475	0
Net Change in Fund Balance	306,658	(56,457)	(56,379)	78
Fund Balance Beginning of Year	352,458	352,458	352,458	0
Fund Balance End of Year	\$659,116	\$296,001	\$296,079	\$78

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Capital Improvements Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues					
Municipal Income Taxes	\$1,681,185	\$1,871,075	\$1,755,772	(\$115,303)	
Special Assessments	10,350	11,660	5,625	(6,035)	
Interest	1,255	1,255	1,255	0	
Other	0	0	405	405	
Total Revenues	1,692,790	1,883,990	1,763,057	(120,933)	
Expenditures					
Capital Outlay:					
Capital Improvements:					
Capital Outlay	1,936,787	1,936,787	1,578,944	357,843	
Debt Service:					
Principal Retirement	141,499	141,499	141,499	0	
Interest and Fiscal Charges	45,376	45,376	45,373	3	
Total Debt Service	186,875	186,875	186,872	3	
Total Expenditures	2,123,662	2,123,662	1,765,816	357,846	
Excess of Revenues					
Under Expenditures	(430,872)	(239,672)	(2,759)	236,913	
Other Financing Sources (Uses)					
Advances In	0	0	135,000	135,000	
Transfers Out	(25,000)	(25,000)	(25,000)	0	
Total Other Financing Sources (Uses)	(25,000)	(25,000)	110,000	135,000	
Net Change in Fund Balance	(455,872)	(264,672)	107,241	371,913	
Fund Balance Beginning of Year	1,052,237	1,052,237	1,052,237	0	
Prior Year Encumbrances Appropriated	273,840	273,840	273,840	0	
Fund Balance End of Year	\$870,205	\$1,061,405	\$1,433,318	\$371,913	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Street Maintenance and Repair Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
Revenues					
Intergovernmental	\$369,625	\$389,000	\$392,181	\$3,181	
Interest	1,900	2,000	1,860	(140)	
Other	475	500	0	(500)	
Total Revenues	372,000	391,500	394,041	2,541	
Expenditures					
Current:					
Transportation:					
Street Maintenance and Repair:					
Personal Services	259,140	259,140	264,045	(4,905)	
Materials and Supplies	219,375	219,375	208,824	10,551	
Contractual Services	37,000	37,000	26,424	10,576	
Capital Outlay	42,437	42,437	38,992	3,445	
Total Expenditures	557,952	557,952	538,285	19,667	
Net Change in Fund Balance	(185,952)	(166,452)	(144,244)	22,208	
Fund Balance Beginning of Year	244,689	244,689	244,689	0	
Prior Year Encumbrances Appropriated	31,862	31,862	31,862	0	
Fund Balance End of Year	\$90,599	\$110,099	\$132,307	\$22,208	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual State Highway Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$29,327	\$31,000	\$31,858	\$858
Interest	473	500	536	36
Total Revenues	29,800	31,500	32,394	894
Expenditures				
Current:				
Transportation:				
Garage:				
Personal Services	11,780	11,780	239	11,541
Materials and Supplies	41,755	41,755	38,871	2,884
Contractual Services	5,000	5,000	0	5,000
Capital Outlay	19,500	19,500	11,561	7,939
Total Expenditures	78,035	78,035	50,671	27,364
Net Change in Fund Balance	(48,235)	(46,535)	(18,277)	28,258
Fund Balance Beginning of Year	56,072	56,072	56,072	0
Prior Year Encumbrances Appropriated	15,955	15,955	15,955	0
Fund Balance End of Year	\$23,792	\$25,492	\$53,750	\$28,258

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Community Development Block Grant Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$348,000	\$190,000	\$69,655	(\$120,345)
Expenditures Current: Community Environment: Community Development Block Grant:				
Contractual Services	18,000	18,000	26,652	(8,652)
Capital Outlay	330,000	253,000	235,196	17,804
Total Expenditures	348,000	271,000	261,848	9,152
Excess of Revenues Under Expenditures	0	(81,000)	(192,193)	(111,193)
Other Financing Sources Advances In	0	0	190,000	190,000
Net Change in Fund Balance	0	(81,000)	(2,193)	78,807
Fund Balance Beginning of Year	83,597	83,597	83,597	0
Fund Balance End of Year	\$83,597	\$2,597	\$81,404	\$78,807

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Street Lighting Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property and Other Taxes	\$90,318	\$90,318	\$89,001	(\$1,317)
Intergovernmental	4,741	4,741	4,074	(667)
Total Revenues	95,059	95,059	93,075	(1,984)
Expenditures Current: Basic Utility Services: Street Lighting:				
Contractual Services	170,000	170,000	143,607	26,393
Other	5,000	5,000	0	5,000
Total Expenditures	175,000	175,000	143,607	31,393
Net Change in Fund Balance	(79,941)	(79,941)	(50,532)	29,409
Fund Balance Beginning of Year	203,451	203,451	203,451	0
Fund Balance End of Year	\$123,510	\$123,510	\$152,919	\$29,409

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Motor Vehicle License Tax Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$28,166	\$27,771	\$27,338	(\$433)
Interest	334	329	330	1
Total Revenues	28,500	28,100	27,668	(432)
Expenditures				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Materials and Supplies	52,240	52,240	51,228	1,012
Contractual Services	4,000	4,000	6,247	(2,247)
Capital Outlay	6,958	6,958	0	6,958
Total Expenditures	63,198	63,198	57,475	5,723
Net Change in Fund Balance	(34,698)	(35,098)	(29,807)	5,291
Fund Balance Beginning of Year	37,424	37,424	37,424	0
Prior Year Encumbrances Appropriated	20,298	20,298	20,298	0
Fund Balance End of Year	\$23,024	\$22,624	\$27,915	\$5,291

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Recycling and Litter Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$2,437	\$2,437	\$2,437	\$0
Expenditures Current: Community Environment:				
Recycling and Litter:				
Capital Outlay	5,000	5,000	0	5,000
Net Change in Fund Balance	(2,563)	(2,563)	2,437	5,000
Fund Balance Beginning of Year	3,344	3,344	3,344	0
Fund Balance End of Year	\$781	\$781	\$5,781	\$5,000

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual D.A.R.E. Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$2,000	\$0	\$31,261	\$31,261
Expenditures Current: Security of Persons and Property: Police:				
Personal Services	38,611	38,611	36,100	2,511
Excess of Revenues Under Expenditures	(36,611)	(38,611)	(4,839)	33,772
Other Financing Sources Transfers In	5,000	5,000	5,000	0
Net Change in Fund Balance	(31,611)	(33,611)	161	33,772
Fund Balance Beginning of Year	35,432	35,432	35,432	0
Fund Balance End of Year	\$3,821	\$1,821	\$35,593	\$33,772

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Bullet Proof Vest Fund For the Year Ended December 31, 2003

	Budgeted Amounts		Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)
Revenues Intergovernmental	\$3,000	\$3,000	\$2,662	(\$338)
Expenditures Current: Security of Persons and Property: Police:				
Capital Outlay	3,853	3,853	3,853	0
Excess of Revenues Under Expenditures	(853)	(853)	(1,191)	(338)
Other Financing Sources Advances In	0	0	3,000	3,000
Net Change in Fund Balance	(853)	(853)	1,809	2,662
Fund Balance Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	853	853	853	0
Fund Balance End of Year	\$0	\$0	\$2,662	\$2,662

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual FEMA Fire Act Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$26,424	\$30,263	\$3,443	(\$26,820)
Expenditures Current: Security of Persons and Property: Police:				
Capital Outlay	26,424	30,263	30,263	0
Excess of Revenues Under Expenditures	0	0	(26,820)	(26,820)
Other Financing Sources Advances In	0	0	26,820	26,820
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual COPS Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$50,000	\$50,000	\$0	(\$50,000)
Expenditures Current: Security of Persons and Property: Police:				
Capital Outlay	50,000	50,000	0	50,000
Excess of Revenues Over Expenditures	0	0	0	0
Other Financing Sources				
Advances In	0	0	50,000	50,000
Net Change in Fund Balance	0	0	50,000	50,000
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$50,000	\$50,000

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Law Enforcement Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Fines, Licenses and Permits	\$5,000	\$600	\$711	\$111
Expenditures Current: Security of Persons and Property: Police:				
Materials and Supplies	4,000	4,000	1,951	2,049
Enforcement and Education: Contractual Services	4,500	4,500	0	4,500
Total Expenditures	8,500	8,500	1,951	6,549
Net Change in Fund Balance	(3,500)	(7,900)	(1,240)	6,660
Fund Balance Beginning of Year	11,982	11,982	11,982	0
Fund Balance End of Year	\$8,482	\$4,082	\$10,742	\$6,660

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Mandatory Drug Law Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Fines, Licenses and Permits	\$10,000	\$17,275	\$18,345	\$1,070
Expenditures Current: Security of Persons and Property: Mandatory Drug Law:				
Materials and Supplies	6,000	6,000	5,776	224
Capital Outlay	32,300	32,300	31,182	1,118
Total Expenditures	38,300	38,300	36,958	1,342
Net Change in Fund Balance	(28,300)	(21,025)	(18,613)	2,412
Fund Balance Beginning of Year	6,712	6,712	6,712	0
Prior Year Encumbrances Appropriated	26,300	26,300	26,300	0
Fund Balance End of Year	\$4,712	\$11,987	\$14,399	\$2,412

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Police Pension Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property and Other Taxes	\$300,176	\$288,575	\$283,463	(\$5,112)
Intergovernmental	18,011	17,315	28,733	11,418
Total Revenues	318,187	305,890	312,196	6,306
Expenditures				
Current:				
Security of Persons and Property:				
Police:	206 540			1 101
Personal Services	386,548	378,548	377,367	1,181
Debt Service:				
Principal Retirement	837	837	837	0
Interest and Fiscal Charges	2,405	2,405	2,405	0
Total Debt Service	3,242	3,242	3,242	0
Total Expenditures	389,790	381,790	380,609	1,181
Excess of Revenues Over				
(Under) Expenditures	(71,603)	(75,900)	(68,413)	7,487
Other Financing Sources				
Transfers In	65,000	65,000	65,000	0
Net Change in Fund Balance	(6,603)	(10,900)	(3,413)	7,487
Fund Balance Beginning of Year	14,016	14,016	14,016	0
Fund Balance End of Year	\$7,413	\$3,116	\$10,603	\$7,487

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Fire Pension Fund For the Year Ended December 31, 2003

		Revised			
	Original	Budget	Actual	(Negative)	
Revenues					
Property and Other Taxes	\$389,659	\$377,122	\$371,626	(\$5,496)	
Intergovernmental	23,585	22,826	38,041	15,215	
Total Revenues	413,244	399,948	409,667	9,719	
Expenditures					
Current:					
Security of Persons and Property:					
Fire Pension:					
Personal Services	483,210	460,210	453,893	6,317	
Excess of Revenues					
Under Expenditures	(69,966)	(60,262)	(44,226)	16,036	
-					
Other Financing Sources				_	
Transfers In	57,000	57,000	57,000	0	
Net Change in Fund Balance	(12,966)	(3,262)	12,774	16,036	
	(;, ••)	(-,)	,, , , ,	,	
Fund Balance Beginning of Year	14,274	14,274	14,274	0	
Fund Dalamaa Fund of Vora	¢1 209	\$11.012	\$27.049	\$16.026	
Fund Balance End of Year	\$1,308	\$11,012	\$27,048	\$16,036	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Underground Storage Tank Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues	\$0	\$0	\$0	\$0
Expenditures Current: Community Environment: Underground Storage Tank: Contractual Services	15 000	15 000	1 750	12.250
Net Change in Fund Balance	(15,000)	15,000 (15,000)	1,750	13,250
Fund Balance Beginning of Year	29,628	29,628	29,628	0
Fund Balance End of Year	\$14,628	\$14,628	\$27,878	\$13,250

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Groeger Trust Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Interest	\$800	\$800	\$302	(\$498)
Expenditures Current:				
Community Environment: Groeger Trust:				
Contractual Services	8,000	8,000	0	8,000
Net Change in Fund Balance	(7,200)	(7,200)	302	7,502
Fund Balance Beginning of Year	39,842	39,842	39,842	0
Fund Balance End of Year	\$32,642	\$32,642	\$40,144	\$7,502

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Court Computer Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Fines, Licenses and Permits	\$22,000	\$17,000	\$19,440	\$2,440
Expenditures Current: General Government: Courts:				
Materials and Supplies	9,269	9,269	11,655	(2,386)
Contractual Services	2,000	2,000	11	1,989
Capital Outlay	13,675	13,675	12,030	1,645
Total Expenditures	24,944	24,944	23,696	1,248
Net Change in Fund Balance	(2,944)	(7,944)	(4,256)	3,688
Fund Balance Beginning of Year	59,148	59,148	59,148	0
Prior Year Encumbrances Appropriated	444	444	444	0
Fund Balance End of Year	\$56,648	\$51,648	\$55,336	\$3,688

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Juvenile Diversion Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$12,000	\$12,000	\$13,104	\$1,104
Expenditures Current: Security of Persons and Property: Juvenile Diversion:				
Materials and Supplies	800	800	550	250
Contractual Services	12,000	12,000	12,000	0
Total Expenditures	12,800	12,800	12,550	250
Excess of Revenues Over (Under) Expenditures	(800)	(800)	554	1,354
Other Financing Sources Advances In		0	3,000	3,000
Net Change in Fund Balance	(800)	(800)	3,554	4,354
Fund Balance Beginning of Year	1,858	1,858	1,858	0
Fund Balance End of Year	\$1,058	\$1,058	\$5,412	\$4,354

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Tiedeman Road Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Municipal Income Taxes	\$252,500	\$315,000	\$300,239	(\$14,761)
Property and Other Local Taxes	100,000	100,000	101,804	1,804
Interest	0	0	1,748	1,748
Total Revenues	352,500	415,000	403,791	(11,209)
Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	352,500	415,000	403,791	(11,209)
Other Financing Uses Transfers Out	(325,475)	(325,475)	(325,475)	0_
Net Change in Fund Balance	27,025	89,525	78,316	(11,209)
Fund Balance Beginning of Year	115,293	115,293	115,293	0
Fund Balance End of Year	\$142,318	\$204,818	\$193,609	(\$11,209)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Issue II Fund For the Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:	175 450	175 450	175 000	450
Principal Retirement	175,452	175,452	175,000	452
Interest and Fiscal Charges	2,173	2,173	2,173	0
Total Expenditures	177,625	177,625	177,173	452
Excess of Revenues				
Under Expenditures	(177,625)	(177,625)	(177,173)	452
Other Financing Sources				
Notes Issued	175,000	175,000	175,000	0
Net Change in Fund Balance	(2,625)	(2,625)	(2,173)	452
Fund Balance Beginning of Year	4,932	4,932	4,932	0
Fund Balance End of Year	\$2,307	\$2,307	\$2,759	\$452

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Biddulph Road Fund For the Year Ended December 31, 2003

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	\$72,000	\$90,628	\$90,629	\$1
Expenditures				
Debt Service:				
Principal Retirement	346,026	346,026	345,000	1,026
Interest and Fiscal Charges	4,284	4,284	4,284	0
Total Expenditures	350,310	350,310	349,284	1,026
Excess of Revenues				
Under Expenditures	(278,310)	(259,682)	(258,655)	1,027
Other Financing Sources (Uses)				
Notes Issued	345,000	345,000	345,000	0
Advances Out	0	0	(135,000)	(135,000)
Transfers In	25,000	25,000	25,000	0
Total Other Financing Sources (Uses)	370,000	370,000	235,000	(135,000)
Net Change in Fund Balance	91,690	110,318	(23,655)	(133,973)
Fund Balance Beginning of Year	30,114	30,114	30,114	0
Fund Balance End of Year	\$121,804	\$140,432	\$6,459	(\$133,973)

STATISTICAL SECTION

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

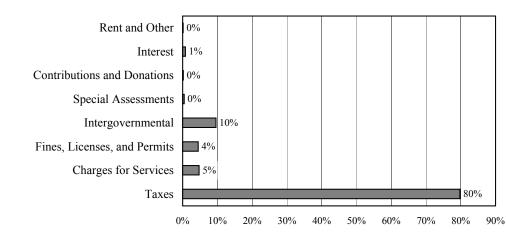
Governmental Revenues by Source and Expenditures by Function (1) Last Ten Years

	2003	2002	2001	2000
Revenues				
Taxes	\$13,924,737	\$12,945,935	\$13,032,655	\$12,745,796
Charges for Services	822,895	880,019	836,209	918,360
Fines, Licenses and Permits	780,770	913,412	945,521	777,777
Intergovernmental	1,669,861	2,441,584	3,007,322	1,963,558
Special Assessments	75,000	97,278	96,027	97,163
Contributions and Donations	30,381	36,812	37,002	0
Interest	135,906	169,578	254,194	432,953
Rent and Miscellaneous	23,490	423,591	383,072	113,735
Total	\$17,463,040	\$17,908,209	\$18,592,002	\$17,049,342
Expenditures				
Current:				
General Government	\$1,543,745	\$1,237,345	\$1,078,961	\$1,170,328
Security of Persons and Property	6,773,741	6,882,432	6,272,853	5,961,771
Transportation	587,379	441,473	483,164	435,153
Community Environment	1,364,005	1,329,200	1,359,695	1,695,579
Basic Utility Services	2,526,614	2,545,154	2,522,773	2,408,694
Leisure Time Activities	1,955,914	1,904,760	1,640,474	1,673,426
Capital Outlay	1,388,901	2,554,573	2,679,727	2,445,106
Debt Service	3,590,774	929,611	906,452	846,529
Total	\$19,731,073	\$17,824,548	\$16,944,099	\$16,636,586

Source: City financial records

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds. Modified Accrual Basis.

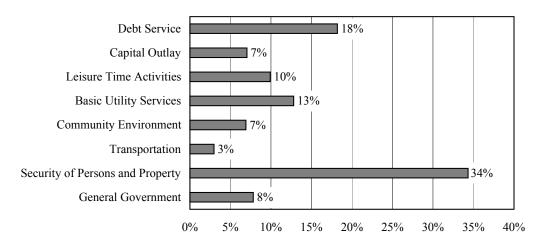
Information for governmental activities will be provided when enough years are available for comparison.



Governmental Revenues by Source

1999	1998	1997	1996	1995	1994
\$12,800,765	\$12,183,979	\$11,206,690	\$10,967,033	\$10,765,851	\$9,580,019
854,820	864,833	895,669	863,650	763,567	813,717
639,315	582,282	560,823	433,209	283,555	332,148
1,607,493	1,731,872	1,701,222	4,730,074	1,275,379	2,256,617
98,085	103,077	94,497	98,008	80,446	0
0	0	0	0	0	0
326,242	314,734	240,032	241,120	263,674	234,169
331,237	676,373	131,656	119,661	97,890	146,113
\$16,657,957	\$16,457,150	\$14,830,589	\$17,452,755	\$13,530,362	\$13,362,783
\$1,257,501	\$952,117	\$1,028,763	\$970,462	\$1,034,797	\$1,083,901
5,369,536	4,927,882	4,758,297	4,542,288	4,303,794	4,308,153
514,698	415,122	406,540	632,545	529,286	273,597
1,582,706	1,329,777	841,787	741,506	748,439	803,152
1,807,094	1,868,029	1,788,096	1,698,003	1,669,986	1,660,516
1,724,163	1,673,353	1,787,422	1,660,200	1,530,327	1,532,241
2,790,950	4,134,110	1,536,538	5,902,001	1,504,175	3,428,769
850,589	848,282	870,347	971,142	1,048,111	848,043
\$15,897,237	\$16,148,672	\$13,017,790	\$17,118,147	\$12,368,915	\$13,938,372

Governmental Expenditures by Function



Property Tax Levies and Collections (1) Last Ten Years

Collection Year	Total Tax Levy (2)	Current Tax Collections (2)	Ratio of Current Taxes Collected to Total Tax Levy	Delinquent Tax Collections
2003	\$1,658,287	\$1,590,902	95.94 %	\$30,891
2002	1,645,513	1,587,957	96.50	67,587
2001	1,664,679	1,636,000	98.28	27,767
2000	1,515,926	1,489,947	98.29	28,823
1999	1,490,848	1,469,088	98.54	48,664
1998	1,456,512	1,435,508	98.56	21,910
1997	1,424,790	1,336,244	93.79	12,556
1996	1,413,607	1,362,146	96.36	9,654
1995	1,396,635	1,378,207	98.68	12,000
1994	1,171,419	1,151,489	98.30	18,691

Source: Cuyahoga County, Ohio; County Auditor

(1) Information for Real and Public Utility Only

- (2) State Reimbursements of Rollback and Homestead Exemptions are included
- (3) Penalties and interest are included, since by Ohio law they become part of tax obligation as assessment occurs

Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (3)	Ratio of Delinquent to Total Tax Levy	
\$1,621,793	97.80 %	\$83,637	5.04 %	
1,655,544	100.61	48,317	2.94	
1,663,767	99.95	36,853	2.21	
1,518,770	100.19	25,810	1.70	
1,517,752	101.80	50,560	3.39	
1,457,418	100.06	74,433	5.11	
1,348,800	94.67	41,543	2.92	
1,371,800	97.04	70,328	4.98	
1,390,207	99.54	45,659	3.27	
1,170,180	99.89	28,628	2.44	

Assessed Valuation and Estimated Actual Value of Taxable Property

Last Ten Years

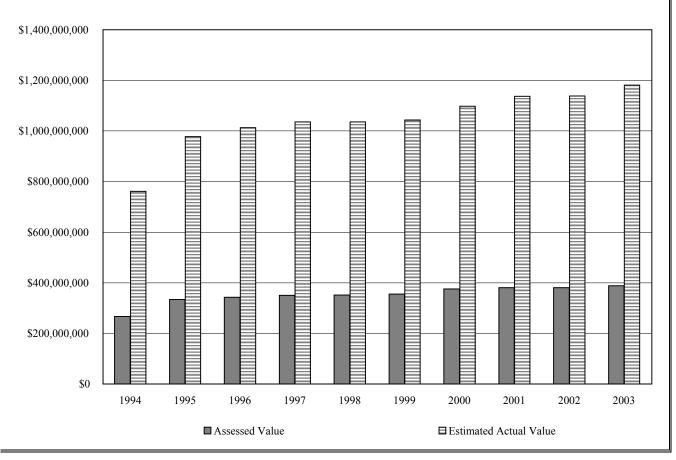
	Real Property		Public Utilit	Public Utility Property		Tangible Personal Property	
Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003	\$297,301,330	\$849,432,371	\$19,429,120	\$22,078,545	\$71,086,443	\$309,071,491	
2002	286,326,280	818,075,086	19,451,050	22,103,466	74,455,744	297,822,976	
2001	283,815,680	810,901,942	20,934,340	23,789,022	75,714,966	302,859,864	
2000	278,237,680	794,964,800	29,854,130	33,925,147	67,099,234	268,396,936	
1999	250,158,120	714,737,486	32,288,580	36,691,568	72,851,158	291,404,632	
1998	239,814,090	685,183,114	32,734,230	37,197,989	78,470,390	313,881,560	
1997	235,266,210	672,189,171	33,266,860	37,803,250	81,459,237	325,836,948	
1996	229,560,670	655,887,629	33,152,460	37,673,250	79,736,096	318,944,384	
1995	224,075,970	640,217,057	34,815,390	39,562,943	74,590,629	298,362,516	
1994	184,001,820	525,719,486	32,927,670	37,417,807	49,587,402	198,349,608	

Source: Cuyahoga County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessment percentage. The percentages for 2003 were 35 percent for real property, 88 percent for public utility tangible and 25 percent of actual value for capital assets and 23 percent for inventory for tangible personal.

Tot		
Assessed Value	Estimated Actual Value	Ratio
\$387,816,893	\$1,180,582,407	33 %
380,233,074	1,138,001,528	33
380,464,986	1,137,550,828	33
375,191,044	1,097,286,883	34
355,297,858	1,042,833,686	34
351,018,710	1,036,262,663	34
349,992,307	1,035,829,369	34
342,449,226	1,012,505,263	34
333,481,989	978,142,516	34
266,516,892	761,486,901	35

Assessed Valuation and Estimated Actual Value of Taxable Property



Property Tax Rates - Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) Last Ten Years

		City of B	rooklyn					
Year	General Fund	Special Revenue Funds	Debt Service Fund	Total City	Brooklyn City School District	Polaris Joint Vocational School District	Cuyahoga County	Total Direct and Overlapping Governments
2003	\$2.30	\$2.10	\$1.00	\$5.40	\$39.50	\$2.40	\$19.40	\$66.70
2002	2.30	2.10	1.00	5.40	43.40	2.40	17.60	68.80
2001	2.30	2.10	1.00	5.40	43.40	2.40	17.60	68.80
2000	2.30	2.10	1.00	5.40	40.00	2.40	16.70	64.50
1999	2.30	2.10	1.00	5.40	40.00	2.40	16.70	64.50
1998	2.30	2.10	1.00	5.40	39.80	2.40	18.00	65.60
1997	2.30	2.10	1.00	5.40	39.90	2.40	18.00	65.70
1996	2.30	2.10	1.00	5.40	40.20	2.40	18.00	66.00
1995	2.30	2.10	1.00	5.40	41.10	2.40	18.20	67.10
1994	2.30	2.10	1.00	5.40	39.70	2.40	17.80	65.30

Source: Cuyahoga County, Ohio; County Auditor

Special Assessment Billings and Collections Last Nine Years (1)

Collection Year	Total Billed	Amount Collected (2)	Percent Collected
2003	\$98,178	\$75,000	76.39 %
2002	97,759	97,278	99.51
2001	99,255	96,027	96.75
2000	99,171	97,163	97.98
1999	98,076	98,085	100.01
1998	96,864	103,077	106.41
1997	90,410	94,497	104.52
1996	83,122	98,008	117.91
1995	87,688	80,446	91.74

Source: Cuyahoga County, Ohio; County Auditor

(1) Prior to 1995 the City had no special assessment debt.

(2) Prior to 2002, special assessments included both principal and interest

Collections represent amounts for bonded debt only.

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Years

Year	Population (1)	Assessed Value (2)	Gross General Bonded Debt	Debt Service Monies Available
2003	11,586	\$387,816,893	\$3,127,806	\$296,290
2002	11,700	380,223,074	3,417,806	352,458
2001	11,700	380,464,986	3,687,806	435,026
2000	11,586	375,191,044	3,952,806	478,677
1999	11,774	355,297,858	4,207,806	24,547
1998	11,774	351,018,710	3,945,000	21,823
1997	11,774	349,992,307	4,115,000	21,267
1996	11,774	342,449,226	4,275,000	6,685
1995	11,706	333,481,989	4,425,000	8,432
1994	11,706	266,516,892	4,570,000	19,595

Sources: (1) U.S. Census Bureau

(2) Cuyahoga County, Ohio; County Auditor

Net		
General	Ratio of Net	Net General
Bonded	Bonded Debt to	Bonded Debt
Debt	Assessed Value	Per Capita
\$2,831,516	0.73 %	\$244
3,065,348	0.81	262
3,252,780	0.85	278
3,474,129	0.93	300
4,183,259	1.18	355
3,923,177	1.12	333
4,093,733	1.17	348
4,268,315	1.25	363
4,416,568	1.32	377
4,550,405	1.71	389

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Expenditures Last Ten Years

	De	ebt Service Expenditu	ires	Total	Ratio of Debt Service to Total
		Interest and	Total Debt	Governmental	Governmental
Year	Principal	Fiscal Charges	Service	Expenditures	Expenditures
2003	\$290,000	\$141,586	\$431,586	\$19,731,073	2.19 %
2002	270,000	151,305	421,305	17,824,548	2.36
2001	265,000	160,580	425,580	16,944,099	2.51
2000	255,000	169,505	424,505	16,636,586	2.55
1999	190,000	131,832	321,832	15,897,237	2.02
1998	170,000	255,174	425,174	16,148,672	2.63
1997	160,000	255,175	415,175	13,017,790	3.19
1996	150,000	274,085	424,085	17,118,147	2.48
1995	145,000	282,930	427,930	12,368,915	3.46
1994	130,000	290,860	420,860	13,938,372	3.02

Source: Cuyahoga County, Ohio; County Auditor

Computation of Direct and Overlapping General Obligation Bonded Debt December 31, 2003

	General Tax Supported Debt Outstanding	Overlapping Percentage Applicable to Brooklyn (1)	Amount Applicable to Brooklyn
Direct:			
City of Brooklyn	\$3,127,806	100%	\$3,127,806
Overlapping:			
Cuyahoga County	183,239,636	1.28	2,345,467
Regional Transit Authority	130,795,000	1.28	1,674,176
Total Overlapping	314,034,636		4,019,643
Total	\$317,162,442		\$7,147,449

Source: Cuyahoga County, Ohio; County Auditor

(1) Overlapping percentages were calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Computation of Legal Debt Margin December 31, 2003

Assessed Valuation		\$387,816,893
Overall Debt Limitation 10.5% of Assessed Valuation		40,720,774
Gross Indebtedness (Total Voted and Unvoted Debt)		
Refunding Bonds	3,127,806	
Special Assessment Bonds	85,000	
Honeywell Loan	783,764	
Bond Anticipation Notes	2,400,000	
OPWC Loans	632,155	
Total	7,028,725	
Exemptions:		
Special Assessment Bonds	85,000	
Honeywell Loan	783,764	
OPWC Loans	632,155	
Total	1,500,919	
Debt Within 10.5% Limitation	5,527,806	
Less: Amount Available in Debt Service Fund	296,290	
Net Debt Within 10.5% Limitation		5,231,516
Overall Debt Margin Within 10.5% Limitation		\$35,489,258
Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$21,329,929
Gross indebtedness authorized by Council	7,028,725	
Less: Debt Outside Limitation:		
Special Assessments	85,000	
Honeywell Loan	783,764	
OPWC Loans	632,155	
Total	1,500,919	
Debt Within 5.5% Limitation	5,527,806	
Less: Amount Available in Debt Service Fund	296,290	
Net Debt Within 5.5% Limitation		5,231,516
Legal Debt Margin Within 5.5% Limitation		\$16,098,413
Source: Cuyahoga County Auditor and City Financial Records		

Construction, Bank Deposits and Property Value Last Ten Years

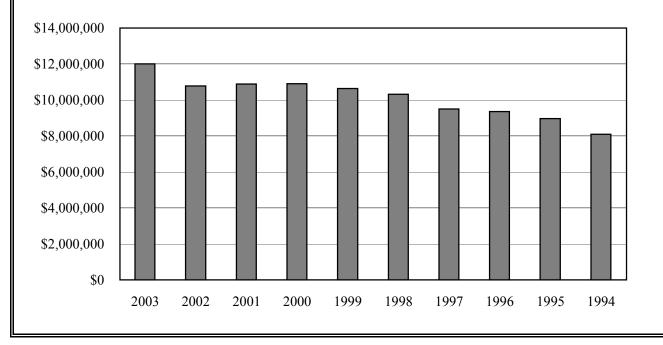
Year	Number of Building Permits (1)	Dollar Value of Building Permits Issued (1)	Bank Deposits (2) (In Thousands)	Estimated Property Value (3)
2003	865	\$17,451,060	\$97,238,973	\$1,180,582,407
2002	870	18,156,149	95,761,917	1,138,001,528
2001	895	19,291,426	63,893,769	1,137,550,828
2000	761	13,307,375	61,942,764	1,097,286,883
1999	854	34,309,721	57,816,942	1,042,833,686
1998	705	10,725,085	58,904,596	1,036,262,663
1997	824	21,213,356	53,941,971	(A) 1,035,829,369
1996	810	23,476,122	27,068,211	1,012,505,263
1995	687	8,580,906	22,458,573	978,142,516
1994	693	18,934,205	20,885,453	761,486,901
Source:	 Brooklyn Building Department Federal Reserve Bank of Cleveland Cuyahoga County Auditor's Office 			

(A) Large increase in deposits due to Key Bank becoming a single Charter in 1997.

Municipal Income Tax Revenue - Governmental Funds Last Ten Years

Collection Year	Municipal Income Tax Revenue
I Cai	Revenue
2003	\$12,005,385
2002	10,772,246
2001	10,895,066
2000	10,902,091
1999	10,646,288
1998	10,325,818
1997	9,492,680
1996	9,355,857
1995	8,970,318
1994	8,092,601

Source: City Financial Records (Budget Basis)



Ten Largest Municipal Income Tax Withholding Accounts December 31, 2003

Τ	Municipal Income Tax
Taxpayer	Withholding
American Greetings Corporation	\$2,207,265
Keybank National Association	1,846,154
Plain Dealer Publishing Company	473,238
Arrow International, Incorporated	411,458
Wal-Mart/Sams Club	227,442
USF Holland, Incorporated	187,534
McDonald Investments, Incorporated	178,803
City of Brooklyn	177,480
Eaton Corporation	166,117
Hugo Boss Cleveland	158,370
Total	\$6,033,861

Source: City Financial Records

Demographic Statistics Last Ten Years

Year	_	Population (1)	School Enrollment (2)	Unemployment Rate Cuyahoga County (3)
2003		11,586	1,351	6.2 %
2002		11,700	1,372	6.6
2001		11,700	1,401	4.6
2000		11,586	1,390	4.5
1999		11,774	1,417	4.5
1998		11,774	1,349	4.5
1997		11,774	1,383	4.5
1996		11,774	1,301	5.0
1995		11,706	1,301	4.7
1994		11,706	1,256	5.8
Sources:	(1)(2)(3)	Even years from U.S. Census Bureau Remainder estimated by City Brooklyn City School District Board of Education Ohio Bureau of Employment Services Labor Market Information Services		

Miscellaneous Statistics December 31, 2003

Government:	Date of Incorporation Form of Government:	January 1, 1952 Charter - Mayor/Council
Population:	11,586	
Area:	4.5 square miles	
City Statistics:	Streets - 33 miles of paved streets	
Highways:	Interstate 480 and Interstate 71	
Police Protection:	One Police Complex Uniformed Personnel: Chief Sergeants Detectives Motorcycle Officers Patrolmen Support Personnel	1 6 4 3 20 59
Fire Protection:	One Fire Complex Uniformed Personnel: Chief Lieutenants Lieutenants-Paramedics Firefighter-Paramedics Firefighter-Inspectors Paramedic-Inspectors Firefighters Support Personnel	1 3 2 18 1 2 2 9
Other City		
Departments:	Elected Appointed Full-Time Part-Time Seasonal	8 11 64 95 70
Public Transit:	Greater Cleveland Regional Transit Author	ority
Airport:	Cleveland Hopkins International Airport (within 10 minutes driving distance)	
		(continued)

Miscellaneous Statistics (continued) December 31, 2003

Urban Center:	Downtown Cleveland (within 10 minutes driving distance)		
Shopping Areas:	Five retail areas located within municipal boundaries. Approximately 10 minutes to downtown retail center. Parmatown and Great Northern Malls; 10 to 15 minutes away. Three home improvement stores within municipal boundaries.		
Cable Television:	Americast Adelphia		
Hospitals:	Parma Community General Hospital MetroHealth Center Kaiser Permanente		
Education:	Brooklyn High School Brooklyn Middle School Brookridge Elementary Roadoan Elementary St. Thomas More Elementary School Heritage Christian Baptist School	 9-12 38 Classrooms 6-8 18 Classrooms 3-5 14 Classrooms K-2 13 Classrooms K-8 18 Classrooms K-12 13 Classrooms 	
Libraries:	Cuyahoga County Public Library Brooklyn Branch		
Recreation:	One Natatorium and Outdoor Swim Complex One Multi-Purpose Indoor Recreation Center Two Commons (Park) Areas Three Picnic Pavilions One Memorial Park One Marquard Park Three Playgrounds One Playground with Integrated Learning Centers - Pre-school/School Age Four Baseball Diamonds Two Basketball Courts Four Tennis Courts One Press Box/Concessions One Community Senior-Center Two Bocci Ball Courts Two Horseshoe Pits One Volleyball Sand Court Two Nature Trails (North/South) One In-Line Skating Facility		



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Facsimile 614-466-4490

CITY OF BROOKLYN

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 Babbett

CLERK OF THE BUREAU

CERTIFIED JULY 13, 2004