

**Mary Taylor, CPA**  
Auditor of State



CITY OF BROOKLYN  
CUYAHOGA COUNTY

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# Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated May 30, 2007.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated May 30, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

May 30, 2007

**CITY OF BROOKLYN  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2006-001</b>
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**Bidding of Contracts**

Ohio Revised Code § 735.05 generally provides that municipal contracts for material and labor which exceed \$25,000 are subject to competitive bidding procedures. Competitive bidding procedures require that a contract be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the municipality.

During our review of contract compliance, we noted two projects over the bid limit of \$25,000 which did not follow proper competitive bidding procedures as stated above. The first project was for street paving. The City did follow competitive bidding procedures for various streets to be paved and awarded the contract to the lowest and best bidder for that work to be performed. While this street work was being performed, the Service Director had the company performing the work pave an additional street at a cost of \$51,102. This work was processed as a change order to the original contract by the Service Director and at the same price per cubic foot that was used to win the original bid.

The second project was for the paving of the Service Center parking lot at a cost of \$27,000. This work was also performed without following proper competitive bidding procedures. The company who performed the Service Center parking lot paving work was already under contract with the City to do crack filling work at a cost of \$16,000 so the Service Director decided to have them pave the parking lot. This work was also processed as a change order by the Service Director.

Ohio Revised Code § 735.07 provides, in part, that when in the opinion the director of public service, it becomes necessary, in the prosecution of any work or improvement under contract, to alter or modify a contract, such alterations or modifications can only be made upon the order of the director. A change order is not effective until the price to be paid for the work and material or both, under the altered or modified contract, has been agreed upon in writing and signed by the director and by the contractor. Where a board of control exists, the board must approve contract modifications.

Both of the projects noted above were processed as change orders to original contracts by the Service Director but were done without the approval of City Council and the Finance Director.

We recommend the City enforce competitive bidding procedures for awarding contracts and all contract modifications or alterations be approved by City Council and the Finance Director.

**Officials' Response**

We agree that these two items were not handled properly initially. The items had been discussed with City Council but specific approval had not been obtained. Payment was withheld. The items were not presented to the Board of Control because they were not considered to be change orders to contracts. The administration acted to correct the situation and put Resolution 2006-12 and Resolution 2006-13 before City Council. Both were fully discussed and approved. The contracts were deemed to be in the best interest of the City and ratified. Purchase Orders were then executed and only then were payments made. The City subsequently produced and implemented a Purchasing Manual for the City and specifically addressed the elements put forth in this finding. The administration identified the incorrect action and took the necessary steps to correct it. Further, the administration advised the Auditor of State of the situation and the action it had taken.

CITY OF BROOKLYN  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

(Continued)

FINDING NUMBER	2006-002
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**Purchase Order Certification**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**1. "Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

**2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fourteen (14) of the sixty (60) expenditures (23%) tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the City followed the aforementioned exceptions.



**CITY OF BROOKLYN  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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(Continued)

<b>FINDING NUMBER</b>	<b>2006-002</b>
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(Continued)

**Purchase Order Certification (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend that the Finance Director certify that the funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The fiscal officer should deny payment requests when prior certification or "then and now" certification are not obtained.

**Officials' Response**

The City implemented an automated purchasing module midway through 2006 on its financial software to try to control the purchasing process better. The City also produced and implemented a purchasing manual at the end of 2006 to guide personnel in the purchasing process. Several of the discrepancies noted were at the beginning of the year prior to the opening of the new fiscal year. We will ensure that then and now certificates are done on these initial purchase orders and will continue to police the purchasing process to the best of our ability.



**City of Brooklyn, Ohio**

*Comprehensive Annual Financial Report*

For The Year Ended December 31, 2006

Prepared by:

Gale W. Fisk  
Director of Finance



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**City of Brooklyn, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2006*  
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Mayor  
Kenneth E. Patton

The City of  
**Brooklyn · Ohio**  
FOUNDED 1867

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

May 30, 2007

City Council and Citizens of Brooklyn:

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end. This report is published to fulfill the State filing requirement for the year ended December 31, 2006. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This report will be the eighteenth consecutive Comprehensive Annual Financial Report (CAFR) the City has published and 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 Cuyahoga County Public Library, financial rating services and other interested parties. In addition, the City plans to publish its sixth 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 Auditor of State for the State of Ohio has issued an unqualified ("clean") opinion on the City of Brooklyn's financial statements for the year ended December 31, 2006. The independent accountant's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountant's report and provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion Analysis complements this letter of transmittal and should be read in conjunction with it.

#### **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. The City consists of 2,745 acres or 4.60 square miles.

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.

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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 members 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. 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. Directors of Law, Finance, Public Safety and Public Service 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 Police Chief and Fire Chief are also at will employees.

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. In addition, Brooklyn provides some unique services not normally seen in most municipalities. Senior citizens can sign up to have their lawns mowed from May to September and their driveways plowed during the winter. The City charges only a nominal fee for both services.

The City Council is required to adopt a temporary budget for the next year by no later than the close of the current year. The annual budget serves as the foundation of the City of Brooklyn's financial planning and control. The budget is prepared by fund, function (e.g., public safety), department (e.g., police) and object code (e.g. materials and supplies). The budget is then passed at the department and object code level for the general fund and at the object code level for all other funds. Department heads may move resources among the object codes of their department. Transfers between departments or funds require special approval of City Council.

## **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. The City has reconfigured from the 1970's when it had major industrial manufacturers such as Lampson & Sessions and Terex to a much more diversified business base today. In addition to the three main businesses (American Greetings, Key Bank and The Plain Dealer) there is a major mall, Ridge Park Square, Cascades Crossing (Hampton Inn, Extended Stay America, TGI Friday's, Don Pablo's, Steak & Shake and Chipotle Mexican Grill), Key Commons (Cracker Barrel, Panera's, Carrabba's Italian Grill, Wild Ginger and Max & Erma's), Brooklyn Corporate Center, a major medical building, manufacturing such as Ferrous Metals, Superior and Areway and trucking such as Falcon and USF Holland. Businesses along the Brookpark Road corridor are Best Buy, Super Kmart, Golden Corral, Staples, Wal-Mart, IHOP, Flower Factory and Gordon Foods.

The City has a very prime location along Interstate 480. This competitive advantage allows retail outlets on Ridge and Brookpark Roads and retail services such as hotels and restaurants on Tiedeman Road to continue to enjoy solid business. 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 2006 include the following:

- ❖ Brooklyn Fire Station (\$5.3 million).
- ❖ Key Bank Site Improvements (\$2.5 million).
- ❖ American Greetings Interior Alterations (\$1.9 million).
- ❖ Fifth Third Bank (\$985,000).
- ❖ Wild Ginger Restaurant (\$624,000).
- ❖ West Park Assembly of God (\$450,000).

The work on the infrastructure for Key Commons II has been completed and the first new tenant, Wild Ginger Restaurant, has completed construction and opened. Five additional building sites are available and negotiations on those sites are ongoing. Construction of a \$30 million Senior Assisted Living Facility is slated to begin in the spring of 2007.

Brooklyn has a much larger business base than most communities. Property taxes in Brooklyn are split with 37.99 percent from residential properties, 39.26 percent from commercial properties and 22.75 percent from other sources. Because of the large business base for property taxes, Brooklyn has an assessed valuation per capita of \$28,383. Residents pay only about 2 percent of the income tax for the City. Net profits from business generate about 8 percent. The bulk of the income taxes paid, 90 percent, are paid by employees of the businesses located in the City. Over the last 15 years income tax collections have grown steadily with an average annual increase of 4.75 percent. Only twice in those 15 years have income tax collections declined on an annual basis. In both cases that decline was less than 1 percent. Income tax collections account for about 66 percent of the revenue for the City and are by far the major source of income. Property taxes are second at 13 percent. Charges for services is third at about 8 percent.

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. The Mayor also instituted the establishment of a Master Plan for the City. Development of the plan began in 2004 and was completed in early 2006. The Master Plan was reviewed and approved by both the Planning Commission and City Council.

During the past five years expenditures related to public safety have increased not only in amount, but also as a percentage of total expenditures. In 2002 public safety was 37 percent of expenditures. In 2006 it was 44 percent of expenditures. Salaries, benefits and expenses associated with police and fire have grown faster than for other areas of municipal government. Basic utility services and recreation are the next two service areas. As a percentage of expenditures, they have remained fairly constant. Personnel in both areas retired in 2005 and were not replaced. Basic utility services is 18 percent of expenditures and recreation is 14 percent.

## **LONG-TERM FINANCIAL PLANNING**

Unreserved, undesignated fund balance in the General Fund (14.6% of total General Fund revenues) falls within the policy guidelines set by the Council for Budgetary and Planning Purposes (between 5 and 15% of total General Fund Revenues). The Brooklyn City Council has established an informal benchmark of 16%, approximately 60 days operating funds. Over the past five years, the City has had balances ranging between 13.8% and 20.7%.

The City ensures there are funding sources for all projects it undertakes. A portion of income tax collections is designated for the Capital Improvement Fund to ensure considerable pay-as-you-go financing of capital projects. The balance in the Capital Improvements Fund is equal to more than six months of capital expenditures in a normal year. It has been at that level and more every year for the last five years. The new fire station has a mill property tax designated to pay the bond payments for it. The City operates the only municipal landfill in Cuyahoga County. Monies are being accumulated to ensure closure and post closure costs are covered when the landfill reaches capacity in 30 years. Currently the City has accumulated more than \$3.2 million as of the end of 2006 for the closure and post closure costs. The City has a very favorable debt profile and amortizes debt quickly; 77.4% of outstanding debt is paid back within ten years.

## **MAJOR INITIATIVES**

Traffic was the number one concern of residents and businesses in two surveys done for the Master Plan and Business Retention and Expansion projects. The City has been working on a solution to ever increasing traffic at Interstate 480 and Tiedeman Road. The City has received a \$1.6 million federal grant

for the studies and engineering needed to upgrade the ramps and roadway. The actual engineering work began in 2006 and is to be completed by the end of 2009. Current plans would envision construction in 2012. Construction costs of \$10-12 million are projected.

#### AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brooklyn for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. This was the seventeenth consecutive year that Brooklyn has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, Brooklyn also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended December 31, 2005. This is the fifth consecutive Award for Outstanding Achievement the City has received for publishing a PAFR. This report is specifically designed to meet the needs of interested parties who may not wish to use traditional financial reports.

The publication of this CAFR significantly increases the accountability of the City of Brooklyn to the taxpayers. The preparation of this report was made possible by the dedicated service of the entire staff of the finance department. All employees have our sincere appreciation for their contributions made in the preparation of this report. Credit must also be given to the department heads and City Council for their unflinching support for maintaining the highest standards of professionalism in the management of Brooklyn's finances. Special thanks go to Brooklyn residents and taxpayers for entrusting us with the administration of their local government.

Respectfully Submitted,



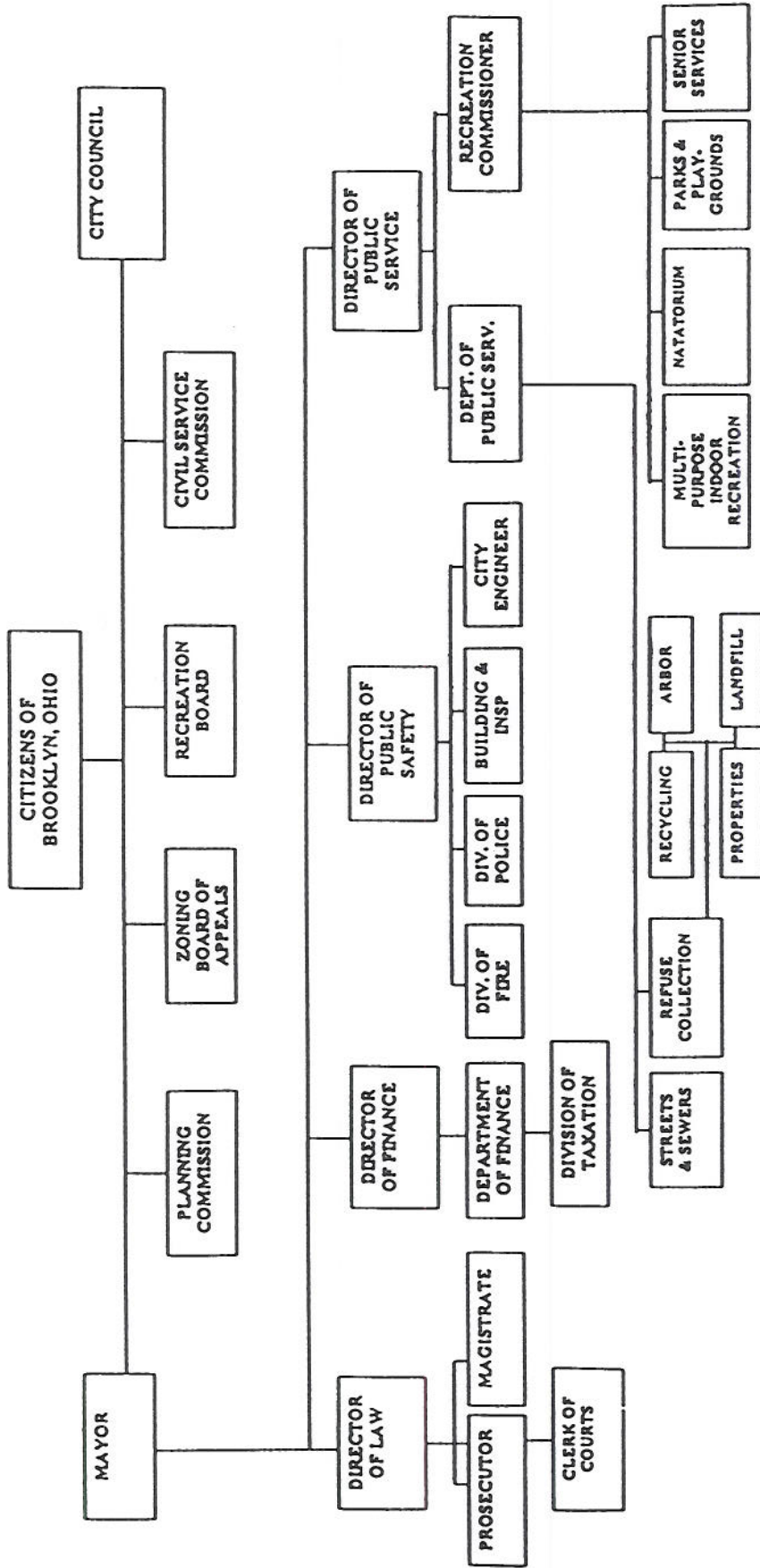
Kenneth E. Patton  
Mayor



Gale W. Fisk  
Director of Finance



# CITY OF BROOKLYN, OHIO ORGANIZATION CHART



# CITY OF BROOKLYN, OHIO

## Principal Officials

Mayor

Kenneth E. Patton

Council President

Richard H. Balbier

Council-At-Large

Gregory L. Frey

Council-At-Large

Craig M. Patton

Council-At-Large

Rita M. Brown

Council-At-Large

Kathleen M. Pucci

Council-At-Large

Colleen B. Coyne-Gallagher

Council-At-Large

John E. Frey

Director of Law

Thomas O. Shaper

Magistrate

Ronald Balbier

Prosecutor

Hillary Goldberg

Director of Public Safety

Donald Hilberg

Director of Public Service

Robert A. Kappler

Director of Finance

Gale W. Fisk

Chief Building Official

Thomas J. Ockington

Police Chief

Mark Tenaglia

Fire Chief

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, 2005

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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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

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, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2006, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Police Pension and Fire Pension funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining 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 and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

May 30, 2007

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The management's discussion and analysis of the City of Brooklyn's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2006. 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 2006 are:

- City income tax totaled \$13,717,932 in governmental activities. This is an increase of \$1,572,549. The City expected a 3.5 percent increase compared to 2005. The actual increase was much larger at 12.95 percent.
- Total assets increased by \$5,357,015, a 12.55 percent increase from 2005.
- Total net assets increased by \$4,569,853, a 20.65 percent increase from 2005.
- Total capital assets increased \$6,576,952, a 25.40 percent more than 2005.
- Total outstanding long term liabilities increased \$91,776, an increase of .55 percent from 2005.
- The fund balances for the City decreased by \$2,484,352 to \$9,735,541.

**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 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 2006?" 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.

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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 18. 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, police pension, fire pension, capital improvements and safety forces construction.

#### ***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.

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**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 2006 compared to 2005.

**Table 1**  
**Net Assets**

	Governmental Activities		Change
	2006	2005	
Current and Other Assets	\$15,560,060	\$16,779,997	(\$1,219,937)
Capital Assets, Net	32,473,106	25,896,154	6,576,952
<b>Total Assets</b>	<b>48,033,166</b>	<b>42,676,151</b>	<b>5,357,015</b>
Current and Other Liabilities	4,468,200	3,772,814	695,386
Long-Term Liabilities			
Due Within One Year	1,266,516	1,106,938	159,578
Due in More Than One Year	15,599,095	15,666,897	(67,802)
<b>Total Liabilities</b>	<b>21,333,811</b>	<b>20,546,649</b>	<b>787,162</b>
Invested in Capital Assets, Net of Related Debt	22,422,594	15,357,773	7,064,821
Restricted:			
Capital Projects	2,104,553	5,687,329	(3,582,776)
Debt Service	0	214,992	(214,992)
Street Construction, Maintenance and Repair	298,241	223,557	74,684
State Highway	114,162	77,558	36,604
Court Computer	46,779	61,576	(14,797)
Police Programs	75,024	77,307	(2,283)
Other Purposes	170,522	91,108	79,414
Unrestricted	1,467,480	338,302	1,129,178
<b>Total Net Assets</b>	<b>\$26,699,355</b>	<b>\$22,129,502</b>	<b>\$4,569,853</b>

Total net assets increased by \$4,569,853 or 20.65 percent. Total assets increased by \$5,357,015 from \$42.7 million to \$48.0 million in total assets. Current liabilities increased by \$695,386. All of these occurrences are tied together and are directly related to the building of the new fire station. Current assets declined because the cash borrowed in 2005 to build the new station was used and the \$4.3 million note paid back. The new \$5.554 million fire station has been built. The technology package and furnishings have been purchased and installed. The fire station is in use. The City also ordered a new aerial ladder fire truck in the fall of 2005. This was purchased on a ten year capital lease. The City continued to make aggressive payments on long term debt. During 2005, bond anticipation notes for the fire station were issued. Those notes were retired in 2006 and have been replaced by a 2006 general obligation improvement bond for the fire station.

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Table 2 shows the changes in net assets for the year ended December 31, 2006. The City of Brooklyn implemented GASB 34 in 2003. Comparisons between the last two years are shown below:

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Change
	2006	2005	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$1,623,580	\$1,480,975	\$142,605
Operating Grants and Contributions	833,688	861,972	(28,284)
Capital Grants and Contributions	0	35,093	(35,093)
<b>Total Program Revenues</b>	<b>2,457,268</b>	<b>2,378,040</b>	<b>79,228</b>
General Revenues:			
Property Taxes	2,647,492	2,488,485	159,007
Municipal Income Taxes	13,717,932	12,145,383	1,572,549
Grants and Entitlements	1,228,147	1,278,859	(50,712)
Gain on Sale of Capital Assets	0	2,696	(2,696)
Investment Earnings	654,993	412,082	242,911
Miscellaneous	81,341	79,292	2,049
<b>Total General Revenues</b>	<b>18,329,905</b>	<b>16,406,797</b>	<b>1,923,108</b>
<b>Total Revenues</b>	<b>20,787,173</b>	<b>18,784,837</b>	<b>2,002,336</b>
<b>Program Expenses</b>			
General Government	1,413,065	2,032,377	(619,312)
Security of Persons and Property	7,071,363	8,826,463	(1,755,100)
Transportation	252,414	1,291,187	(1,038,773)
Community Environment	1,788,368	1,745,799	42,569
Basic Utility Services	2,874,674	3,033,492	(158,818)
Leisure Time Activities	2,323,283	2,318,877	4,406
Interest and Fiscal Charges	494,153	234,754	259,399
<b>Total Program Expenses</b>	<b>16,217,320</b>	<b>19,482,949</b>	<b>(3,265,629)</b>
<b>Change in Net Assets</b>	<b>4,569,853</b>	<b>(698,112)</b>	<b>5,267,965</b>
Net Assets Beginning of Year	22,129,502	22,827,614	(698,112)
<b>Net Assets End of Year</b>	<b>\$26,699,355</b>	<b>\$22,129,502</b>	<b>\$4,569,853</b>

Table 2 shows that the overall financial strength of the City increased in 2006 by \$4,569,853. Total revenues improved by \$2,002,336. Income taxes generally account for about 66 percent of the City's revenue. That was true again this year. Income tax collections increased by \$1,572,549, a 12.95 percent improvement. Charges for Services increased by \$142,605. Rent of billboards was over \$286,000. These funds are received every five years and therefore were allocated over the five year period. Building permits increased by about \$47,000. Revenues from the Mayor's Court also increased by about \$47,000. Ice rink fees increased by about \$22,000. Interest income increased by about \$243,000.

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Expenditures decreased by \$3,265,629 or 16.76 percent. Security of Persons and Property declined from 45.30 percent of total expenses to 43.60 percent. The decrease of \$1,755,100 occurred because a large portion of the total amount that was budgeted for basic police and fire protection was capitalized instead of expensed.

The completion of construction on the new fire station was the basis for this change. There was no change in the level of service between 2005 and 2006. Most expenditures declined or held steady near previous levels. Again, the declines were all due to budgeted monies being capitalized instead of expensed. Services in General Government did not decline. Transportation improvements continued to be made. Basic Utility Services makes up another 17.73 percent of program expenditures. This expenditure decreased slightly. Personnel retired and were not replaced with an eye to lowering expenditures. The third largest program is Leisure Time Activities accounting for 14.33 percent of expenditures. Costs for this program increased minimally. The City has reviewed all aspects of this program and taken specific action to reduce costs over the past three years. Personnel retired in 2005. The accumulated sick leave payments made in 2005 were not repeated in 2006. Only one position, the recreation manager, was replaced. General Government makes up another 8.71 percent of expenditures. Community Environment costs went up by \$42,569, a 2.44 percent increase. The City expanded inspection of rental properties and efforts to ensure upkeep of property. Fiscal charges increased by nearly \$260,000. This increase was caused by the financing required for the new fire station.

#### ***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. Residents receive 100 percent credit on income earned outside the City. Almost 98 percent of the income tax is contributed by the City's businesses. Revenue for income tax rose from \$12,145,383 in 2005 to \$13,717,932 in 2006. This is an increase of \$1,572,549. The administration had projected a 3.5% increase. The increase from normal collections matched that amount. The income tax department aggressively pursued those who had not filed or paid taxes and collected about \$100,000 from individual filers who were delinquent. Our new software also allowed for more complete reconciliation. The income tax department discovered an error on the submission of one of our businesses resulting in a payment of over \$1 million in back taxes in January 2007. These collections of over \$1.1 million in additional taxes accounts for a large part of the \$1.5 million increase.

The City has long had a strong economic development program that continues to bring new businesses to the community. The number of businesses, being industrial or commercial, large or small, provides 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 (88 percent) and the Capital Improvement Fund (12 percent) in 2006.

General revenues from property taxes and local government funds are also significant revenue generators. Brooklyn's charter authorizes up to 13 mills of property taxes. Only 5.4 mills of that original charter amount had been levied through 2004. With 13 mills authorized, the City had 7.6 mills of property taxes that could be utilized to offset financial needs or difficulties. In November 2004 citizens approved by advisory vote to use 1.5 mills of the 7.6 mills to pay for the construction of a new fire station and additional funding for police and firemen's pensions. Revenue generated in 2006 rose by \$159,007, 6.39 percent due to this additional property tax millage.

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Charges for Services are the third significant revenue contributor. Revenue in this category increased by \$142,605. Court fines increased by \$47,000 in 2006. The ice rink contributed about \$22,000 more than had been received in 2005. Building permits also increased by about \$47,000 this year. These increases provided the added revenue in Charges for Services.

Interest income increased by about \$243,000 in 2006. Action by the Federal Reserve raised rates in 2005 and 2006, thereby increasing interest rates. The result was additional income. This explains about \$84,000 of the increase. Monies borrowed to build the new fire station were invested until needed for payment on finished construction. The City generated over \$233,000 because of these investments. This was \$158,000 more than the interest on fire station funds from 2005.

Security of Persons and Property was the largest single area of expenditures as it has been historically. This program accounted for about 44 percent of expenses (\$7,071,363). That pays for basic police and fire services, D.A.R.E., pensions and equipment. A property tax levy of 1.85 mills had previously paid for about 85 percent of the pension costs associated with police and firemen. Issue 10, the advisory vote of 2004, received a favorable vote of .5 mill in November 2004. This added .5 mill was for police and firemen's pensions. These pensions were almost entirely funded by these property taxes in 2006. Issue 10 also approved 1.0 mills of property tax to fund the new fire station. About \$573,000 was spent in 2005 to develop the site. The actual construction on the building was started and completed in 2006.

Basic Utility Service makes up about 18 percent of expenditures (\$2,874,674). This includes trash collection, snow removal and recycling. Trash is picked up from behind the home. Snow removal includes all sidewalks in the City. Personnel who retired in 2005 were not replaced and therefore payments for their salaries and benefits were not made in 2006. De-icer costs were cut in half because of a milder winter. These two factors account for the \$139,497 decrease.

The third largest program expenditure is Leisure Time Activities. The program accounts for about 14.33 percent of total expenditures (\$2,323,283). 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. The City took specific action to reduce the costs in this area in 2004 and 2005. Four personnel retired in 2005. Only one was replaced. Expenditures for 2006 were again tightly controlled and increased by only \$4,406.

General Government comprises 8.71 percent (\$1,413,065) of total program expenditures. 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.

Community Environment utilizes about 11 percent of our funds. 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.



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**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 18. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,343,456 and expenditures of \$23,732,605. Income tax is the City's largest revenue source. Income tax accounted for about 66 percent of the total revenue for the year. Income tax collections increased by 10.00 percent. This was \$1.2 million more than 2005.

The largest fund for the City is the General Fund. The year-end fund balance for the General Fund was \$7,211,906. This is an increase of \$1,131,915 from the previous year. Revenue exceeded budget projections. Income tax was much higher than expected because of the receipt of back taxes. Expenditures were managed tightly and ended the year about \$558,000 under budget. This combination of higher than expected revenue and lower than projected expenditures accounts for the \$1.1 million addition to fund balance. Included in the General Fund figure is a reserved fund balance for the Landfill Closure and Post Closure Trust. These monies are being accumulated to address issues that will be required by the Environmental Protection Agency in about 33 years when the landfill has reached capacity. The total set aside for this purpose is \$3,297,895. The unreserved balance for the General Fund is \$3,817,701. This unreserved balance increased by \$931,652.

The Capital Improvements Fund has been maintained with a very healthy balance. The City wishes to maintain a balance that would allow recovery from any natural disaster that might occur. The fund balance in Capital Improvements at the end of 2005 was \$1,714,088. The balance decreased by \$280,999 to \$1,433,089. The City planned to spend some of this balance to do additional street maintenance.

For all funds, the end of year balances decreased for the year by \$2,484,352. Total fund balances decreased from \$12,219,893 to \$9,735,541. Funds borrowed in 2005 to build the new fire station were not spent and the City had about \$3.8 million in fund balance for that purpose in 2005. The fire station was built in 2006. The fund balance was spent on construction and declined to about \$587,000. The available fund balance for all funds is slightly more than 41 percent of the amount spent in total in 2006. The City still has an overall fund balance of \$9,735,541 at the end of 2006 or \$6,437,646 without the reserve for landfill closure and postclosure care. That total is 27.13 percent of the total expenditures for 2006. This is well above our benchmark.

***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. 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

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Review provides information on actual revenues and expenditures and helps shape the permanent budget for the next year.

As stated previously, 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 \$15,218,376. Final budgeted revenues for the year were \$15,208,479, a decrease of \$9,897 under the original budget. Actual revenues of \$15,235,497 were higher than the original and final projections. The increase in income tax revenue is the reason for the difference between the actual amount received and the original budget.

After the permanent budget was adopted, the amount appropriated for the General Fund for 2006 did not change by a large amount. The original budget estimate pegged expenditures at \$15,043,373. During the year it increased by \$7,100. City Council was advised at the time that the budget passed that the administration intended to hold expenditures to \$15.150 million or less. At the mid year review the increase in income tax collections was noted and Council was advised that the City would probably generate a surplus. At that time, Council was also advised that expenditures were on target. Actual expenditures were \$14,492,310 on a budgetary basis. Expenditures were \$558,163 less than final budgeted amount and \$657,690 less than the administration's self imposed target. The actual outcomes were in consonance with the financial updates supplied to City Council throughout the year. The Department heads executed the plan and excellent results were achieved again.

**Capital Assets and Debt Administration**

***Capital Assets***

**Table 3**  
 Capital Assets  
 (Net of Depreciation)

	Governmental	
	2006	2005
Land	\$2,887,821	\$2,611,037
Buildings	13,107,997	8,106,493
Improvements Other Than Buildings	5,464,568	5,617,748
Machinery and Equipment	1,885,724	1,595,405
Vehicles	2,241,585	1,479,632
Infrastructure		
Roads and Sidewalks	4,610,082	4,018,525
Sanitary Sewers	700,850	746,513
Storm Sewers	625,319	665,266
Water Lines	462,187	503,675
Traffic Signals	486,973	551,860
Total	\$32,473,106	\$25,896,154

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The City of Brooklyn takes care to maintain its equipment and infrastructure. Twelve percent of City income taxes are distributed to the Capital Improvements Fund to ensure this outcome. For 2006, this meant that \$1,591,749 of the income tax revenue went to the Capital Improvements Fund. The City purchased three police cars (\$85,000) and a new street sweeper (\$118,000). The new aerial ladder fire truck was purchased for \$835,000. The new fire station was built at a cost of \$5.3 million. Furnishings and equipment were also purchased for the new station adding about \$450,000 to assets. The property next to the fire station was purchased. The 2006 street maintenance plan was executed. Total net capital assets increased by \$6,576,952 for the year. This was the most significant additions to assets of the City in the last 15 years. See note 9 of the basic financial statements for additional information on capital assets.

***Debt***

On December 31, 2006, the City of Brooklyn had \$9,465,907 in general obligation bonds, loans, police pension and notes outstanding. The City paid principal of \$6,755,504 in 2006. The City took out fire station improvement bonds for the new fire station for \$5,255,000. The total outstanding debt went up by \$89,268. Table 4 summarizes the bonds, notes, loans and police pension outstanding.

**Table 4**  
 Outstanding Debt at End of Year

	Governmental	
	2006	2005
General Obligation Bonds	\$7,227,806	\$2,522,806
Unamortized Premium	285,864	0
OPWC Loan	467,245	522,215
Honeywell Loan	311,757	477,434
Police Pension	53,235	54,184
Long-Term Notes	1,120,000	5,800,000
Capital Leases	1,032,018	1,215,926
Totals	\$10,497,925	\$10,592,565

In 2005, the City had one General Obligation Bond 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 bond 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 \$2,202,806 outstanding on the bonds. The Ohio Public Works Commission is a no interest loan for improvements at the Sanitary Landfill taken out in 1992 for \$1,099,400. Payments are \$27,485 semi-annually. The loan will be paid in full in 2015.

Since the end of 2005 the City executed a long term financing plan for the new fire station. On March 9, 2006 Moody's Investors Services reviewed the City's financial operations. Moody's upgraded Brooklyn's rating to A1 from A2. The A1 rating was based on the City's strong financial operations, healthy reserves, additional revenue raising capacity and favorable debt profile. Moody's believes the City's debt profile will remain favorable, given low debt burden, rapid amortization and considerable pay-as you-go financing of capital

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needs. Brooklyn's debt burden is low and is rapidly paid back with 77.4 percent of principal retired in the first ten years.

On April 5, 2006 Brooklyn executed a sale of \$5.255 million of Series 2006 General Obligation (Limited Tax) Fire Station Improvement Bonds at 4.29 percent. The yield on that sale was \$5.555 million. The annual payments on this bond never exceed \$382,000. The 1 mill property tax allocated to pay this bond will provide funding to meet or exceed that requirement. The \$4,300,000 Bond Anticipation note was subsequently retired. See note 14 of the basic financial statements for additional information on debt.

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 \$15,572 which includes principal and interest. The City paid \$165,677 in principal in 2006. The loan will be paid in full in 2008.

The City also has four 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 \$450,000 and was reissued for \$225,000 in 2006. 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 \$175,000 and was reissued at \$145,000. The third note is for the improvements needed to establish Marquardt Park. This note was for \$530,000 and was reissued at \$485,000. The note for improvements to Biddulph Road was \$345,000 and was reissued for \$265,000. The outstanding balance for all four notes at the end of 2005 was \$1,500,000 and at the end of 2006 was \$1,220,000. This note was originally sold in 2001 for \$1,250,000. In total, \$130,000 of the outstanding balance was paid off.

### **Current Financial Related Activities**

The largest initiative the City of Brooklyn has undertaken in the last fifteen years is the replacement of the City's 60 year old fire station and 25 year old aerial ladder truck. The planning for this replacement started four years ago. The truck was nearing the end of its expected life and modern trucks would not fit in the old station. The station was old, half the size of a modern station and had been remodeled twice. The resulting layout was very inefficient. The decision was made to build a new station at a cost of \$3.8 million. An initiative was put before the electorate and a 1 mill property tax was approved in November 2004. This would provide about \$380,000 annually of dedicated funding to pay for the new fire station and truck at a cost of about \$4.6 million. Total cost of the project was \$5.030 million. Costs were rising. Changes were proposed to cut costs. Approximately ten changes were made and about \$200,000 was cut from the project. Site development began in August. Hurricane Katrina and Hurricane Rita then battered the southern coast of the United States. Bids were advertised in October. The City feared prices would escalate as a result of the devastation of these two storms. When the bids were received those fears were realized. Costs for constructing the fire station had escalated to \$4.6 million. The aerial ladder truck would cost an additional \$835,000. Other costs brought the total above the dedicated funding from the 1 mill of property tax. The City solved this problem by purchasing the ladder truck on a 10 year capital lease utilizing funds from the Capital Improvement Fund. The cost of the fire station alone was within the \$380,000 generated from the annual property tax. The bids were accepted. The City executed its plan for long term financing. The \$5.255 million 2006 General Obligation Fire Station Improvement Bond was sold on April 5, 2006 at 4.29 percent yielding \$5.555 million in funds to the City.

As part of the financing process, the City asked Moody's Investors Service for a rating review. Moody's visited the City and received a financial presentation and a tour of the City and its facilities. Moody's

**City of Brooklyn, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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upgraded the City of Brooklyn rating to A1 from A2. Several factors for the upgrade were cited. One was a record of strong financial management. The City had developed and published a Master Plan. Brooklyn had a 5 year capital plan, 5 year street maintenance plan and a 3 year budget. Mid Year and End of Year Financial Reviews are published annually. Recognition of problems and the ability and resolve to solve them were apparent. A second factor was healthy fund balances. Fund balances prior to 2000 were very good and have been enhanced since then. The City had a benchmark for fund balances of 16 percent of annual expenditures and exceeded the standard. Action in 2006 improved those balances. The General Fund balance rose from \$6,079,991 to \$7,211,906. Overall fund balance declined from \$12,219,893 to \$9,735,541. That decline was not a measure of change in financial strength as it was caused by the expending of funds borrowed to build the new fire station. As of the end of 2006 the City has a balance in the General Fund that is 50 percent of annual expenditures. The unrestricted balance is 27 percent of expenditures. A third factor was the ability to raise more revenue if needed. The City has 13 mills of charter property tax millage with only 6.9 mills levied. The additional 6.1 mills of already authorized millage could generate an additional \$2 million in property tax. The final factor was a very favorable debt profile. Debt burden is low. The City pays cash for most of its capital improvement needs. The City rapidly pays off outstanding debt. In 2006, \$6,755,504 in long term debt was retired. Overall, the City was in a strong financial position prior to 2000 and is even stronger at the end of 2006.

Site development on the fire station began in August 2005 and progressed through the end of November. Actual construction of the building started in March 2006 and was completed in December 2006. Once bids were taken and costs were known, the final estimate on the project was \$5.878 million. The project was completed on time and on budget.

Budget execution was also exemplary. The administration assembled and City Council approved a General Fund budget that was nearly balanced. Original budgeted revenue was \$15.218 million and final budgeted revenue was \$15.208. Actual revenue was \$15.235 million. Original revenue projections were 99.9% accurate and final revenue projections were 99.8% accurate. Original appropriations were \$15.043 million and final appropriations were \$15.050 million. Original budgeted expenditures exceeded budgeted revenues by \$175,003 and final budgeted expenditures exceeded budgeted revenues by \$158,006. Actual expenditures were \$14.492 million. Expenditures were \$558,163 under appropriations, a difference of about 3.8%. A balanced budget was achieved and the fund balance was enhanced.

Income tax collections rose by the 3.5% increase originally projected. In addition, the income tax department actively sought payment from those who had not filed or not paid in previous years. The new software package installed in a previous year allowed for easier identification of offenders. In reconciling business accounts, the department also uncovered an error in a business's tax submission. This resulted in a \$1 million payment of back taxes. Those actions increased collections by more than \$1.1 million as compared to the prior year. Income tax collections thus rose by 12.95 percent resulting in a \$1,572,000 increase. Over \$1 million of this amount was collected in January 2007. Under generally accepted accounting principles (GAAP), it affects this year's statements but will impact the 2007 budget and cash balances.

The bottom line is this, good plans for finances and construction were established and executed and the City of Brooklyn's operational capability and financial positions were enhanced. The City of Brooklyn has committed itself to financial excellence and has a history of meeting that commitment. The City has received the Government Finance Officers' Certificate of Achievement for Excellence in Financial Reporting for seventeen consecutive years. We have produced a Popular Annual Financial Report for the last five years and have received the Award for Outstanding Achievement for each.

**City of Brooklyn, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**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](http://www.brooklynohio.gov).

***BASIC FINANCIAL STATEMENTS***

**City of Brooklyn, Ohio**

*Statement of Net Assets*

*December 31, 2006*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,523,095
Cash and Cash Equivalents:	
In Segregated Accounts	876,844
With Fiscal Agents	1,086
With a Trustee	2,484,421
Materials and Supplies Inventory	151,733
Accrued Interest Receivable	62,778
Accounts Receivable	40,505
Intergovernmental Receivable	735,418
Prepaid Items	129,600
Municipal Income Taxes Receivable	2,709,844
Property Taxes Receivable	2,736,422
Deferred Charges	108,314
Nondepreciable Capital Assets	2,887,821
Depreciable Capital Assets, Net	<u>29,585,285</u>
<i>Total Assets</i>	<u>48,033,166</u>
<b>Liabilities</b>	
Accounts Payable	324,648
Accrued Wages and Benefits	215,982
Retainage Payable	136,791
Contracts Payable	445,147
Intergovernmental Payable	545,211
Vacation Benefits Payable	53,305
Deferred Revenue	2,723,711
Accrued Interest Payable	23,405
Long-Term Liabilities:	
Due Within One Year	1,266,516
Due In More Than One Year	<u>15,599,095</u>
<i>Total Liabilities</i>	<u>21,333,811</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	22,422,594
Restricted for:	
Capital Projects	2,104,553
Street Construction, Maintenance and Repair	298,241
State Highway	114,162
Court Computer	46,779
Police Programs	75,024
Other Purposes	170,522
Unrestricted	<u>1,467,480</u>
<i>Total Net Assets</i>	<u><u>\$26,699,355</u></u>

See accompanying notes to the basic financial statements



**City of Brooklyn, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$1,413,065	\$70,964	\$22,059	(\$1,320,042)
Security of Persons and Property	7,071,363	760,677	147,644	(6,163,042)
Transportation	252,414	0	659,244	406,830
Community Environment	1,788,368	136,206	4,741	(1,647,421)
Basic Utility Services	2,874,674	233	0	(2,874,441)
Leisure Time Activities	2,323,283	655,500	0	(1,667,783)
Interest and Fiscal Charges	494,153	0	0	(494,153)
<i>Totals</i>	<u>\$16,217,320</u>	<u>\$1,623,580</u>	<u>\$833,688</u>	<u>(13,760,052)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				1,118,624
Street Lighting				148,264
Police Pension				485,973
Fire Pension				444,776
Debt Service				370,645
Capital Outlay				79,210
Municipal Income Taxes Levied for:				
General Purposes				11,873,518
Capital Outlay				1,844,414
Grants and Entitlements not Restricted to Specific Programs				1,228,147
Investment Earnings				654,993
Miscellaneous				81,341
<i>Total General Revenues</i>				<u>18,329,905</u>
Change in Net Assets				4,569,853
Net Assets Beginning of Year - Restated (See Note 3)				<u>22,129,502</u>
<i>Net Assets End of Year</i>				<u>\$26,699,355</u>

See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	General	Police Pension	Fire Pension	Capital Improvements
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,299,751	\$2,426	\$619	\$1,060,714
Cash and Cash Equivalents:				
in Segregated Accounts	63,371	0	0	0
with Fiscal Agents	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	813,473	0	0	0
Cash and Cash Equivalents with a Trustee	2,484,421	0	0	0
Materials and Supplies Inventory	151,733	0	0	0
Accrued Interest Receivable	62,778	0	0	0
Accounts Receivable	40,505	0	0	0
Interfund Receivable	0	0	0	112,500
Intergovernmental Receivable	480,237	10,181	9,217	0
Prepaid Items	129,600	0	0	0
Municipal Income Taxes Receivable	2,384,663	0	0	325,181
Property Taxes Receivable	1,258,154	503,081	440,136	0
<i>Total Assets</i>	<u>\$10,168,686</u>	<u>\$515,688</u>	<u>\$449,972</u>	<u>\$1,498,395</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$123,020	\$0	\$0	\$8,934
Accrued Wages and Benefits	210,816	0	0	0
Retainage Payable	0	0	0	0
Contracts Payable	0	0	0	0
Intergovernmental Payable	306,641	107,606	118,864	0
Interfund Payable	0	0	0	0
Deferred Revenue	2,316,303	513,262	449,353	56,372
<i>Total Liabilities</i>	<u>2,956,780</u>	<u>620,868</u>	<u>568,217</u>	<u>65,306</u>
<b>Fund Balances (Deficit)</b>				
Reserved for Encumbrances	96,310	0	0	124,376
Reserved for Landfill Closure and Postclosure Care	3,297,895	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	3,817,701	0	0	0
Special Revenue Funds	0	(105,180)	(118,245)	0
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	1,308,713
<i>Total Fund Balances (Deficit)</i>	<u>7,211,906</u>	<u>(105,180)</u>	<u>(118,245)</u>	<u>1,433,089</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,168,686</u>	<u>\$515,688</u>	<u>\$449,972</u>	<u>\$1,498,395</u>

See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2006*

Safety Forces Construction	Other Governmental Funds	Total Governmental Funds		
\$1,336,925	\$822,660	\$5,523,095	<b>Total Governmental Fund Balances</b>	\$9,735,541
0	0	63,371	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
0	1,086	1,086	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,473,106
0	0	813,473	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
0	0	2,484,421	Property Taxes	268,346
0	0	151,733	Municipal Income Taxes	469,768
0	0	62,778	Intergovernmental	<u>586,601</u>
0	0	40,505		
0	0	112,500	Total	1,324,715
0	235,783	735,418	In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	108,314
0	0	129,600		
0	0	2,709,844	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(23,405)
0	535,051	2,736,422		
<u>\$1,336,925</u>	<u>\$1,594,580</u>	<u>\$15,564,246</u>	Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(53,305)
167,476	25,218	324,648	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
0	5,166	215,982	General Obligation Bonds	(7,227,806)
136,791	0	136,791	Bond Premium	(285,864)
445,147	0	445,147	OPWC Loan	(467,245)
0	12,100	545,211	Honeywell Loan	(311,757)
0	112,500	112,500	Police Pension	(53,235)
0	713,136	4,048,426	Long-Term Notes	(1,120,000)
<u>749,414</u>	<u>868,120</u>	<u>5,828,705</u>	Capital Lease Obligation Payable	(1,032,018)
648,420	94,168	963,274	Landfill Closure and Postclosure Care	(4,485,925)
0	0	3,297,895	Claims Payable	(142,052)
0	0	3,817,701	Compensated Absences Payable	<u>(1,739,709)</u>
0	428,097	204,672	Total	<u>(16,865,611)</u>
0	190,562	190,562		
(60,909)	13,633	1,261,437	<i>Net Assets of Governmental Activities</i>	<u>\$26,699,355</u>
<u>587,511</u>	<u>726,460</u>	<u>9,735,541</u>		
<u>\$1,336,925</u>	<u>\$1,594,580</u>	<u>\$15,564,246</u>		

**City of Brooklyn, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Police Pension	Fire Pension	Capital Improvements	Safety Forces Construction	Other Governmental Funds
<b>Revenues</b>						
Municipal Income Taxes	\$11,661,853	\$0	\$0	\$1,591,749	\$0	\$223,802
Property Taxes	1,072,718	356,739	428,086	0	0	578,646
Charges for Services	825,376	0	0	0	0	0
Fines, Licenses and Permits	737,128	0	0	0	0	44,147
Intergovernmental	1,096,391	38,738	46,489	0	0	863,481
Contributions and Donations	24,850	0	0	0	0	0
Interest	396,439	0	0	0	233,282	25,272
Rentals	16,929	0	0	0	0	0
Other	52,019	0	0	29,322	0	0
<i>Total Revenues</i>	<u>15,883,703</u>	<u>395,477</u>	<u>474,575</u>	<u>1,621,071</u>	<u>233,282</u>	<u>1,735,348</u>
<b>Expenditures</b>						
Current:						
General Government	1,805,397	0	0	0	0	32,132
Security of Persons and Property	6,691,783	432,688	519,704	0	0	145,240
Transportation	0	0	0	0	0	535,888
Community Environment	1,579,039	0	0	0	0	63,912
Basic Utility Services	2,351,962	0	0	0	0	154,382
Leisure Time Activities	1,929,067	0	0	0	0	0
Capital Outlay	0	0	0	1,418,061	4,461,073	13,948
Debt Service:						
Principal Retirement	3,969	949	0	345,616	230,000	374,970
Interest and Fiscal Charges	165	2,293	0	31,507	324,622	170,766
Bond Issuance Costs	0	0	0	0	113,472	0
<i>Total Expenditures</i>	<u>14,361,382</u>	<u>435,930</u>	<u>519,704</u>	<u>1,795,184</u>	<u>5,129,167</u>	<u>1,491,238</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,522,321</u>	<u>(40,453)</u>	<u>(45,129)</u>	<u>(174,113)</u>	<u>(4,895,885)</u>	<u>244,110</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	30,320	0	0	0	0	0
Bonds Issued	0	0	0	0	5,255,000	0
Bond Premium	0	0	0	0	299,477	0
Notes Issued	0	0	0	0	0	1,120,000
Current Refunding	0	0	0	0	(4,300,000)	(1,500,000)
Transfers In	0	16,000	12,500	0	392,226	482,595
Transfers Out	(420,726)	0	0	(106,886)	0	(375,709)
<i>Total Other Financing Sources (Uses)</i>	<u>(390,406)</u>	<u>16,000</u>	<u>12,500</u>	<u>(106,886)</u>	<u>1,646,703</u>	<u>(273,114)</u>
<i>Net Change in Fund Balances</i>	<u>1,131,915</u>	<u>(24,453)</u>	<u>(32,629)</u>	<u>(280,999)</u>	<u>(3,249,182)</u>	<u>(29,004)</u>
<i>Fund Balances Beginning of Year</i>	<u>6,079,991</u>	<u>(80,727)</u>	<u>(85,616)</u>	<u>1,714,088</u>	<u>3,836,693</u>	<u>755,464</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$7,211,906</u>	<u>(\$105,180)</u>	<u>(\$118,245)</u>	<u>\$1,433,089</u>	<u>\$587,511</u>	<u>\$726,460</u>

See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**  
*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, 2006*

	<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$2,484,352)
Total Governmental Funds	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$13,477,404	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
2,436,189	Capital Asset Additions	8,330,864
825,376	Current Year Depreciation	<u>(1,719,877)</u>
781,275	Total	6,610,987
2,045,099	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(34,035)
24,850	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	
654,993	Delinquent Property Taxes	211,303
16,929	Municipal Income Taxes	240,528
81,341	Intergovernmental	<u>(8,114)</u>
20,343,456	Total	443,717
1,837,529	Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,755,504
7,789,415	In the statement of activities, interest accrued on outstanding bonds, bond premium and bond issuance costs are amortized over the terms of the bonds whereas in the governmental funds the expenditure is reported when bonds are issued.	
535,888	Accrued Interest on Bonds	26,745
1,642,951	Amortization of Deferred Charges	(5,158)
2,506,344	Amortization of Bond Premium	<u>13,613</u>
1,929,067	Total	35,200
5,893,082	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
955,504	Claims Payable	39,380
529,353	Compensated Absences	(99,371)
113,472	Landfill	(126,425)
23,732,605	Vacation Benefits Payable	<u>(9,747)</u>
(3,389,149)	Total	(196,163)
30,320	Bond Issuance costs will be amortized over the life of the bonds on the statement of net assets.	113,472
5,255,000	Other financing sources in the governmental funds increased long-term liabilities in the statement of net assets.	
299,477	Bonds Issued	(5,255,000)
1,120,000	Notes Issued	(1,120,000)
(5,800,000)	Bond Premium	<u>(299,477)</u>
903,321	Total	(6,674,477)
(903,321)		<u>(\$4,569,853)</u>
904,797		
(2,484,352)		
12,219,893		
\$9,735,541		

**City of Brooklyn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$10,693,161	\$10,693,161	\$10,776,654	\$83,493
Property Taxes	1,208,675	1,143,315	1,098,028	(45,287)
Charges for Services	864,800	794,800	806,834	12,034
Fines, Licenses and Permits	703,075	726,375	708,476	(17,899)
Intergovernmental	1,098,640	1,150,515	1,155,672	5,157
Contributions and Donations	31,500	31,500	24,850	(6,650)
Interest	303,425	344,700	323,822	(20,878)
Rent	285,800	285,800	286,254	454
Other	29,300	38,313	54,907	16,594
<i>Total Revenues</i>	15,218,376	15,208,479	15,235,497	27,018
<b>Expenditures</b>				
Current:				
General Government	1,886,811	1,887,317	1,741,517	145,800
Security of Persons and Property	6,781,856	6,835,911	6,713,609	122,302
Community Environment	1,631,341	1,683,815	1,597,215	86,600
Basic Utility Services	2,553,836	2,565,226	2,500,703	64,523
Leisure Time Activities	2,189,529	2,078,204	1,939,266	138,938
<i>Total Expenditures</i>	15,043,373	15,050,473	14,492,310	558,163
<i>Excess of Revenues Over Expenditures</i>	175,003	158,006	743,187	585,181
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,000	30,320	30,320	0
Advances In	0	0	7,500	7,500
Transfers Out	(449,717)	(469,977)	(466,926)	3,051
<i>Total Other Financing Sources (Uses)</i>	(439,717)	(439,657)	(429,106)	10,551
<i>Net Change in Fund Balance</i>	(264,714)	(281,651)	314,081	595,732
<i>Fund Balance Beginning of Year</i>	5,057,871	5,057,871	5,057,871	0
Prior Year Encumbrances Appropriated	103,011	103,011	103,011	0
<i>Fund Balance End of Year</i>	\$4,896,168	\$4,879,231	\$5,474,963	\$595,732

See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$392,372	\$365,441	\$356,739	(\$8,702)
Intergovernmental	27,500	41,330	38,738	(2,592)
<i>Total Revenues</i>	<u>419,872</u>	<u>406,771</u>	<u>395,477</u>	<u>(11,294)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	445,193	437,623	436,090	1,533
Debt Service:				
Principal Retirement	949	949	949	0
Interest and Fiscal Charges	2,293	2,293	2,293	0
<i>Total Expenditures</i>	<u>448,435</u>	<u>440,865</u>	<u>439,332</u>	<u>1,533</u>
<i>Excess of Revenues Over Expenditures</i>	(28,563)	(34,094)	(43,855)	(9,761)
<b>Other Financing Sources</b>				
Transfers In	0	4,572	16,000	11,428
<i>Net Change in Fund Balance</i>	(28,563)	(29,522)	(27,855)	1,667
<i>Fund Balance Beginning of Year</i>	<u>30,281</u>	<u>30,281</u>	<u>30,281</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,718</u>	<u>\$759</u>	<u>\$2,426</u>	<u>\$1,667</u>

See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$470,069	\$436,469	\$428,086	(\$8,383)
Intergovernmental	37,000	49,600	46,489	(3,111)
<i>Total Revenues</i>	507,069	486,069	474,575	(11,494)
<b>Expenditures</b>				
Current:				
Security of Persons and Property	520,958	535,520	535,515	5
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(13,889)	(49,451)	(60,940)	(11,489)
<b>Other Financing Sources</b>				
Transfers In	0	486	12,500	12,014
<i>Net Change in Fund Balance</i>	(13,889)	(48,965)	(48,440)	525
<i>Fund Balance Beginning of Year</i>	49,059	49,059	49,059	0
<i>Fund Balance End of Year</i>	<u>\$35,170</u>	<u>\$94</u>	<u>\$619</u>	<u>\$525</u>

See accompanying notes to the basic financial statements



**City of Brooklyn, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2006*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$99,279</u></u>
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**Liabilities**

Intergovernmental Payable	\$291
Accounts Payable	17
Deposits Held and Due to Others	<u>98,971</u>

<i>Total Liabilities</i>	<u><u>\$99,279</u></u>
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See accompanying notes to the basic financial statements

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**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. These organizations are presented in Note 17 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 unless these pronouncements 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 the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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.

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

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

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

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***Safety Forces Construction Fund*** The safety forces construction fund accounts for note and bond proceeds expended for the construction of the new fire station as well as maintenance of the police and fire stations.

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

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 and building assessment fees collected for the Ohio Board of Building Standards.

***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.

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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, 2006, but which were levied to finance year 2007 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 control is at the department, object level within the general fund and at the object level for all other funds. 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 move appropriations between line items within an object of any department.

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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 within departments of the City are recorded as "Cash and Cash Equivalents in Segregated Accounts".

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

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 Fiscal Agents." 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 2006, the City's investments were limited to repurchase agreements, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes 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 2006 amounted to \$396,439, which includes \$128,524 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 to be set-aside for Landfill Closure and Postclosure Care.

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition 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	5 - 60 years

The City's infrastructure consists of roads and sidewalks, sanitary sewers, storm sewers, water lines and traffic signals and includes infrastructure acquired prior to December 31, 1980.

**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.

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***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.

***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, claims payable and landfill closure and postclosure obligations 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 or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government wide statement of net assets report \$2,809,281 of restricted net assets of which none is restricted by enabling legislation. Net assets restricted for other purposes include the operations of the street construction, maintenance and repair fund and the state highway, court computer and funds for various police programs.

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

***P. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.



**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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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 Prior Year Net Assets**

For fiscal year 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section" and GASB Statement No. 47, "Accounting for Termination Benefits."

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section. GASB Statement No.47 established standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

For fiscal year 2006, it was determined that claims payable were understated and the net assets at December 31, 2005 were overstated by \$181,432. Net assets changed from \$22,310,934 to \$22,129,502.

**Note 4 - Fund Deficits and Legal Compliance**

***A. Fund Deficits***

The following funds had deficit fund balances at December 31, 2006:

<b>Major Funds</b>	
Police Pension	\$105,180
Fire Pension	118,245
<b>Nonmajor Funds</b>	
Community Development Block Grant	5,338
I - 480/ Tiedeman Upgrade	13,948

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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The deficits in the police pension and fire pension special revenue funds are the result of adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

The deficits in the community development block grant special revenue fund and I-480/Tiedeman Upgrade capital projects fund are the result of short term interfund loans in anticipation of grant monies. Once the monies have been received and the loans repaid the deficit balance will be eliminated.

**B. Legal Compliance**

Contrary to ORC Section 5705.41, the safety forces construction capital projects fund has actual expenditures plus encumbrances in excess of final appropriations as follows:

	<u>Final Appropriations</u>	<u>Actual Expenditures Plus Encumbrances</u>	<u>Excess</u>
Principal Retirement	\$158,088	\$230,000	\$71,912
Bond Issuance Costs	0	113,472	113,472

Although these budgetary violations were not corrected by year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

Contrary to ORC Section 5705.41 (D)(1), the City did not certify various transactions at the time the commitment was incurred.

Contrary to ORC Section 735.05, the City did not follow competitive bidding procedures for two projects over the bid limit. In addition, contrary to ORC Section 735.07, two contracts were modified without Board of Control approval.

**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 Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the general fund and the major special revenue funds are 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).

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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).
6. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the general fund and major special revenue funds.

	<u>General</u>	<u>Police Pension</u>	<u>Fire Pension</u>
GAAP Basis	\$1,131,915	(\$24,453)	(\$32,629)
Net Adjustment for Revenue Accruals	(579,433)	0	0
Beginning Fair Value Adjustment for Investments	(6,349)	0	0
Ending Fair Value Adjustment for Investments	(3,003)	0	0
Beginning Adjustment for Unrecorded Cash	(29,201)	0	0
Ending Adjustment for Unrecorded Cash	(30,220)	0	0
Advances In	7,500	0	0
Net Adjustment for Expenditure Accruals	(20,445)	(3,402)	(15,811)
Adjustment for Encumbrances	(156,683)	0	0
Budget Basis	<u>\$314,081</u>	<u>(\$27,855)</u>	<u>(\$48,440)</u>

**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 City treasury. Active 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.

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

1. United States Treasury Notes, Bills, Bonds, Notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the City.

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. Investments may only be made through specified dealers and institutions.

***Deposits***

***Custodial Credit Risk*** Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$2,430,128 of the City's bank balance of \$3,144,799 was uninsured and uncollateralized.

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Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of the money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

***Investments***

All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Repurchase Agreement	\$161,976	33
Victory U.S. Money Market Mutual Fund	3,155,210	30
Federal Home Loan Bank Notes	1,001,096	415
Federal National Mortgage Association Notes	1,002,455	670
	<u>\$5,320,737</u>	

***Interest Risk*** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Notes and the Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

***Credit Risk*** The Federal Home Loan Bank Notes and the Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's. The Victory Federal Money Market Mutual Fund carries a rating of AAAM by Standard & Poor's. The City has no investment policy that limits its investment choices.

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**Concentration of Credit Risk** The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

<u>Investment</u>	<u>Percentage of Investment</u>
Repurchase Agreements	3.05 %
Victory U.S. Money Market Mutual Fund	59.30
Federal Home Loan Bank Notes	18.81
Federal National Mortgage Association	18.84

**Note 7 - Receivables**

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, 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.

**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 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the values as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out-the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments 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 by September 20.

**City of Brooklyn, Ohio**  
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The full tax rate for all City operations for the year ended December 31, 2006, was \$6.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based as follows:

Real Estate	
Residential/Agriculture	\$328,843,750
Tangible Personal Property	
Public Utility	17,787,020
General Tangible Personal Property	<u>52,837,854</u>
Total Valuation	<u><u>\$399,468,624</u></u>

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Brooklyn. 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, 2006 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 2006 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, passed on December 4, 2004 and effective as of January 1, 2005, 88 percent of the income tax proceeds were credited to the general fund and 12 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, 2004, 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.

**City of Brooklyn, Ohio**  
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**C. Intergovernmental Receivable**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<b>Governmental Activities</b>	
Local Government	\$409,190
Homestead and Rollback	67,247
Gasoline Excise Tax	78,751
Gasoline Tax	77,991
Motor Vehicle Registration	31,649
FEMA Fire Act	11,534
Community Development Block Grant	9,701
Local Government Revenue Assistance	25,167
Permissive License Tax	11,904
Liquor Licenses	11,184
Prisoner Housing	<u>1,100</u>
<i>Total Governmental Activities</i>	<u><u>\$735,418</u></u>

**Note 8 - 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. All accumulated unused vacation time is paid upon termination of employment. Employees may only carry over 40 hours 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.



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**Note 9 - Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$2,611,037	\$276,784	\$0	\$2,887,821
<i>Capital Assets, being depreciated:</i>				
Buildings	13,868,614	5,294,570	0	19,163,184
Improvements Other than Buildings	9,895,475	217,400	(1,500)	10,111,375
Machinery and Equipment	4,437,305	619,355	(61,173)	4,995,487
Vehicles	4,368,818	1,071,719	(220,964)	5,219,573
Infrastructure				
Roads and Sidewalks	9,853,532	845,417	0	10,698,949
Sanitary Sewer	2,696,363	0	0	2,696,363
Storm Sewer	2,023,140	0	0	2,023,140
Water Lines	2,446,344	0	0	2,446,344
Traffic Signals	2,015,477	5,619	0	2,021,096
<i>Total Capital Assets, being depreciated</i>	<u>51,605,068</u>	<u>8,054,080</u>	<u>(283,637)</u>	<u>59,375,511</u>
Less Accumulated Depreciation:				
Buildings	(5,762,121)	(293,066)	0	(6,055,187)
Improvements Other than Buildings	(4,277,727)	(369,149)	69	(4,646,807)
Machinery and Equipment	(2,841,900)	(307,390)	39,527	(3,109,763)
Vehicles	(2,889,186)	(298,808)	210,006	(2,977,988)
Infrastructure				
Roads and Sidewalks	(5,835,007)	(253,860)	0	(6,088,867)
Sanitary Sewer	(1,949,850)	(45,663)	0	(1,995,513)
Storm Sewer	(1,357,874)	(39,947)	0	(1,397,821)
Water Lines	(1,942,669)	(41,488)	0	(1,984,157)
Traffic Signals	(1,463,617)	(70,506)	0	(1,534,123)
<b>Total Accumulated Depreciation</b>	<u>(28,319,951)</u>	<u>(1,719,877) *</u>	<u>249,602</u>	<u>(29,790,226)</u>
<b>Total Capital Assets, being depreciated, net</b>	<u>23,285,117</u>	<u>6,334,203</u>	<u>(34,035)</u>	<u>29,585,285</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$25,896,154</u>	<u>\$6,610,987</u>	<u>(\$34,035)</u>	<u>\$32,473,106</u>

\* Depreciation expense was charged to governmental functions as follow:

General Government	\$149,373
Security of Persons and Property	359,330
Transportation	336,331
Community Environment	104,036
Basic Utility Services	358,095
Leisure Time Activities	412,712
<b>Total Depreciation Expense</b>	<u>\$1,719,877</u>

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**Note 10 - 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 2006, the City contracted through Jackson, Dieken & Associates, Inc for various types of insurance as follows:

Company	Type	Coverage
Jackson, Dieken and Associates	Blanket Property and Content Replacement	\$26,112,255
	Earthquake Coverage	500,000
	Flood Coverage	500,000
	General Liability (per occurrence)	1,000,000
	Automobile Liability	1,000,000
	Umbrella Liability (per occurrence)	9,000,000
	Public Officials Liability	1,000,000
	Police Professional Liability	1,000,000
	Public Employee Dishonesty	100,000
	Inland Marine	4,607,000
	Steam Boiler/Machinery	10,000,000
	Electronic Data Processing	430,650

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***

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees. The balance of claims payable at December 31, 2006, represents an estimate of the liability for unpaid claims costs provided by the Bureau of Workers' Compensation.

The claims liability reported at December 31, 2006 for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenditures and does not include other allocated or unallocated claim adjustment expenditures. Changes in claims activity for 2005 and 2006 are as follows:

	Beginning of Year	Claims	Payments	End of Year
2005	\$0	\$207,322	\$25,890	\$181,432
2006	181,432	51,188	90,568	142,052

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**Note 11 - 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 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, 2006 consisted of the following:

	<b>Transfer From</b>			<b>Total</b>
	<b>General</b>	<b>Capital Improvements</b>	<b>Other Governmental</b>	
<b>Transfer To</b>				
Other Governmental Funds:				
General Obligation Bond Retirement	\$0	\$0	\$375,709	\$375,709
Fire Act	0	13,086	0	13,086
Police Pension	\$16,000	\$0	\$0	\$16,000
Fire Pension	12,500	0	0	12,500
Biddulph Road	0	93,800	0	93,800
Safety Forces Construction	392,226	0	0	392,226
<i>Total Governmental Activities</i>	<u>\$420,726</u>	<u>\$106,886</u>	<u>\$375,709</u>	<u>\$903,321</u>

During 2006, the City was awarded a \$1.6 million Federal Highway Act grant to upgrade the Interstate 480 and Tiedeman Road interchange. The City advanced \$100,000 to the fund from the capital improvements capital projects fund for engineering studies. Approximately \$14,000 was used for the studies so the City returned \$86,000 of the advance in 2006 leaving a balance of \$14,000 to be returned in 2007.

<b>Interfund Payable</b>	<b>Interfund Receivable</b>
Capital Improvements	
Other Governmental Funds:	
Community Development Block Grant	\$98,500
I -480/Tiedeman Upgrade	14,000
<i>Total Governmental Activities</i>	<u>\$112,500</u>

**City of Brooklyn, Ohio**  
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**Note 12 - Defined Benefit Pension Plans**

***A. Ohio Public Employees Retirement System (OPERS)***

The City of Brooklyn 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 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, 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 which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or (800)222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 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. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 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, 2006, 2005, and 2004 were \$449,586, \$443,415 and \$471,524, respectively; 76.86 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$2,176 made by the City and \$1,429 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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.50 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$265,338 and \$350,785 for the year ended December 31, 2006, \$250,071 and

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\$327,791 for the year ended December 31, 2005, and \$253,315 and \$312,550 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 72.23 percent for police and 74.31 percent for firefighters has been contributed for 2006 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, 2006, the unfunded liability of the City was \$53,235 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 of Ohio (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 qualified survivor benefit is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advanced-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 include a rate of return on investments of 6.50 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$219,906. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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**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 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 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors 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 2006 that were used to fund postemployment benefits were \$175,011 for police and \$167,298 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449 which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**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 long - term loans follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities:</b>			
Various Purposes General Obligation Refunding Bonds - 1999	3 - 4.45%	\$4,440,000	January 1, 2012
Fire Station Improvement Bonds	4.29%	5,255,000	December 1, 2027
Sanitary Landfill Improvement OPWC Loan - 1992	0.00%	1,099,400	January 1, 2015
Energy Conservation 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 - 2006	4.00%	225,000	May 23, 2007
Street and Sidewalk Improvements Notes - 2006	4.00%	145,000	May 23, 2007
Marquardt Improvements Notes - 2006	4.00%	485,000	May 23, 2007
Biddulph Road Improvement Notes - 2006	4.00%	265,000	May 23, 2007

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Changes in long-term obligations of the City during 2006 are as follows:

	Outstanding 12/31/2005	Additions	Reductions	Outstanding 12/31/2006	Due in One Year
<b>Governmental Activities:</b>					
General Obligation Refunding Bonds	\$2,522,806	\$0	\$320,000	\$2,202,806	\$335,000
Fire Station Improvement Bonds	0	5,255,000	230,000	\$5,025,000	155,000
Premium on Bonds	0	299,477	13,613	285,864	0
Total Fire Station Improvement Bonds	<u>0</u>	<u>5,554,477</u>	<u>243,613</u>	<u>5,310,864</u>	<u>155,000</u>
Total General Obligation Bonds	<u>2,522,806</u>	<u>5,554,477</u>	<u>563,613</u>	<u>7,513,670</u>	<u>490,000</u>
OPWC Loan	<u>522,215</u>	<u>0</u>	<u>54,970</u>	<u>467,245</u>	<u>54,970</u>
Honeywell Loan	<u>477,434</u>	<u>0</u>	<u>165,677</u>	<u>311,757</u>	<u>174,622</u>
Police Pension (Note 12)	<u>54,184</u>	<u>0</u>	<u>949</u>	<u>53,235</u>	<u>990</u>
Long-Term Notes:					
Tiedeman Road Improvements	450,000	225,000	450,000	225,000	0
Street and Sidewalk Improvements	175,000	145,000	175,000	145,000	0
Marquardt Park Improvements	530,000	485,000	530,000	485,000	0
Biddulph Road Improvements	345,000	265,000	345,000	265,000	0
New Fire Station	<u>4,300,000</u>	<u>0</u>	<u>4,300,000</u>	<u>0</u>	<u>0</u>
Total Long-Term Notes	<u>5,800,000</u>	<u>1,120,000</u>	<u>5,800,000</u>	<u>1,120,000</u>	<u>0</u>
Capital Leases	<u>1,215,926</u>	<u>0</u>	<u>183,908</u>	<u>1,032,018</u>	<u>183,401</u>
Claims Payable	<u>181,432</u>	<u>51,188</u>	<u>90,568</u>	<u>142,052</u>	<u>45,969</u>
Landfill (Note 16)	<u>4,359,500</u>	<u>126,425</u>	<u>0</u>	<u>4,485,925</u>	<u>0</u>
Compensated Absences	<u>1,640,338</u>	<u>154,236</u>	<u>54,865</u>	<u>1,739,709</u>	<u>316,564</u>
Total Governmental Activities	<u>\$16,773,835</u>	<u>\$7,006,326</u>	<u>\$6,914,550</u>	<u>\$16,865,611</u>	<u>\$1,266,516</u>

General obligation bonds are the direct obligation of the City and will be paid from the debt service fund and the safety forces construction capital projects fund using property tax revenues. The Ohio Public Works Commission (OPWC) Loan 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 general and capital improvements capital projects fund. Claims payable will be paid from the general fund. Compensated absences will be paid from the general fund and the street maintenance and repair special revenue fund which are the funds from which the employees' salaries are paid.

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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 2006 a re-evaluation of the landfill total yearly post-closure cost estimate and landfill closure and postclosure care liability was completed and resulted in an increase in the value (See Note 16).

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 as long-term liabilities. The notes are back by the full faith of the City of Brooklyn. The long-term notes will be paid from the debt service fund and the Biddulph Road capital projects fund.

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 \$2,202,806 as of December 31, 2006.

The City's overall legal debt margin was \$33,786,962 at December 31, 2006. The unvoted legal debt margin was \$13,813,530. Principal and interest requirements to retire the long-term obligations as of December 31, 2006, are as follows:

	<u>General Obligation Bonds</u>		<u>OPWC Loan</u>		<u>Honeywell Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$490,000	\$319,833	\$54,970	\$0	\$174,622	\$12,251
2008	515,000	300,841	54,970	0	137,135	3,028
2009	525,000	280,286	54,970	0	0	0
2010	560,000	259,158	54,970	0	0	0
2011	580,000	236,233	54,970	0	0	0
2012-2016	1,377,806	911,883	192,395	0	0	0
2017-2021	1,245,000	658,100	0	0	0	0
2022-2026	1,575,000	333,750	0	0	0	0
2027-2031	360,000	18,000	0	0	0	0
<b>Total</b>	<b>\$7,227,806</b>	<b>\$3,318,084</b>	<b>\$467,245</b>	<b>\$0</b>	<b>\$311,757</b>	<b>\$15,279</b>



**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2006

	Police Pension		Long-Term Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$990	\$2,252	\$1,120,000	\$16,248	\$1,840,582	\$350,584
2008	1,033	2,210	0	0	708,138	306,079
2009	1,077	2,165	0	0	581,047	282,451
2010	1,123	2,119	0	0	616,093	261,277
2011	1,172	2,070	0	0	636,142	238,303
2012-2016	6,657	9,553	0	0	1,576,858	921,436
2017-2021	8,216	7,994	0	0	1,253,216	666,094
2022-2026	10,139	6,071	0	0	1,585,139	339,821
2027-2031	12,511	3,699	0	0	372,511	21,699
2032-2035	10,317	886	0	0	10,317	886
<b>Total</b>	<b>\$53,235</b>	<b>\$39,019</b>	<b>\$1,120,000</b>	<b>\$16,248</b>	<b>\$9,180,043</b>	<b>\$3,388,630</b>

***Industrial Development Revenue Bonds***

The City has issued industrial development revenue bonds in the aggregate outstanding principal amount of \$730,000 at December 31, 2006 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 as of December 31, 2006:

<b>Governmental Activities</b>	
<b><i>Capital Assets, being depreciated:</i></b>	
Improvements Other than Buildings	\$697,160
Vehicles	<u>1,109,091</u>
<i>Total Capital Assets, being depreciated</i>	<u>1,806,251</u>
Less Accumulated Depreciation:	
Improvements Other than Buildings	(124,824)
Vehicles	<u>(244,394)</u>
<i>Total Accumulated Depreciation</i>	<u>(369,218)</u>
<i>Capital Assets, Net</i>	<u><u>\$1,437,033</u></u>

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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, 2006.

Year Ending December 30,	Governmental Activities
2007	\$222,680
2008	190,451
2009	104,173
2010	102,795
2011	102,795
2012-2016	513,975
Total	1,236,869
Less: Amount Representing Interest	(204,851)
Present Value of Net Minimum Lease Payments	\$1,032,018

**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 2006 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 \$4,485,925 reported as landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 67.96 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,188,578 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The City expects to close the landfill in the year 2039. 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.

The City had restricted \$813,473 in segregated accounts and an additional \$2,484,421 with a trustee to provide a total of \$3,297,894 for the landfill closure and postclosure care costs as of December 31, 2006.

**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

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. In 2006, 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. The hospital's financial statements may be obtained by contacting the Parma Community General Hospital, Parma, Ohio.

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. 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 118 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board 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. Financial information can be obtained by contacting the Joseph Migliorini, Board Chairman at 175 South Main Street, Akron, Ohio 44308 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

**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

**City of Brooklyn, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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, 2006.

***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 – Contractual Commitments**

As of December 31, 2006, the City had the following significant contractual commitments for the new Fire Station project:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
S.A Comunale Company	\$56,250	\$50,625	\$5,625
Dunlop & Johnston, Incorporated	2,413,984	2,189,192	224,792
London Road Electric Company	681,855	613,905	67,950
Great Lakes Crushing, Limited	960,287	766,047	194,240
Northeastern Refrigeration Corporation	473,770	381,783	91,987
E. B. Katz, Incorporated	354,900	311,715	43,185

**Note 20 – Subsequent Events**

On May 23, 2007, the City retired \$1,120,000 in general obligation bond anticipation notes and issued \$880,000 in new notes. The interest rate for the new notes is 4.25 percent. The following table summarizes the activity.

<u>Note Issuance</u>	<u>Retired</u>	<u>Issued</u>
Tiedeman Road Improvement Notes	\$225,000	\$100,000
Street and Sidewalk Improvement Notes	145,000	120,000
Marquardt Park Improvement Notes	485,000	440,000
Biddulph Road Improvement Notes	<u>265,000</u>	<u>220,000</u>
<i>Total Notes</i>	<u><u>\$1,120,000</u></u>	<u><u>\$880,000</u></u>

**Combining Statements and  
Individual Fund Schedules**

*Fund Descriptions – Nonmajor Governmental Funds*

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*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.

***Federal Grants Fund*** - This fund accounts for revenues received from the Federal government and expenditures as prescribed under the DUI enforcement program.

***Public Safety Equipment Fund*** - This fund accounts for Runsaver monies received for reimbursements due to equipment and supply use for hazardous spills and major accidents on State highways.

(continued)

***Combining Statements – Nonmajor Governmental Funds (continued)***

***Nonmajor Special Revenue Funds (continued)***

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***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.

***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 Debt Service Fund***

***General Obligation Bond Retirement Fund*** – This fund accounts for the accumulation of resources to pay principal and interest on general obligation, special assessment and note debt.

***Nonmajor Capital Projects Funds***

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

***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.

***I-480 / Tiedeman Upgrade*** – This fund accounts for federal grant monies received from the Ohio Department of Transportation plus City and County matching funds need for the improvement of Interstate 480 /Tiedeman upgrade.

**City of Brooklyn, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$604,465	\$190,562	\$27,633	\$822,660
Cash and Cash Equivalents				
with Fiscal Agents	1,086	0	0	1,086
Interfund Receivable	0	0	0	0
Intergovernmental Receivable	225,602	10,181	0	235,783
Property Taxes Receivable	157,947	377,104	0	535,051
<i>Total Assets</i>	<u>\$989,100</u>	<u>\$577,847</u>	<u>\$27,633</u>	<u>\$1,594,580</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$25,218	\$0	\$0	\$25,218
Accrued Wages and Benefits	5,166	0	0	5,166
Intergovernmental Payable	12,100	0	0	12,100
Interfund Payable	98,500	0	14,000	112,500
Deferred Revenue	325,851	387,285	0	713,136
<i>Total Liabilities</i>	<u>466,835</u>	<u>387,285</u>	<u>14,000</u>	<u>868,120</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	94,168	0	0	94,168
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	428,097	0	0	428,097
Debt Service Funds	0	190,562	0	190,562
Capital Projects Funds	0	0	13,633	13,633
<i>Total Fund Balances</i>	<u>522,265</u>	<u>190,562</u>	<u>13,633</u>	<u>726,460</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$989,100</u>	<u>\$577,847</u>	<u>\$27,633</u>	<u>\$1,594,580</u>



**City of Brooklyn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Municipal Income Taxes	\$0	\$0	\$223,802	\$223,802
Property Taxes	142,696	356,740	79,210	578,646
Fines, Licenses and Permits	44,147	0	0	44,147
Intergovernmental	820,597	42,884	0	863,481
Interest	12,122	8,020	5,130	25,272
<i>Total Revenues</i>	<u>1,019,562</u>	<u>407,644</u>	<u>308,142</u>	<u>1,735,348</u>
<b>Expenditures</b>				
Current:				
General Government	32,132	0	0	32,132
Security of Persons and Property	145,240	0	0	145,240
Transportation	535,888	0	0	535,888
Community Environment	63,912	0	0	63,912
Basic Utility Services	154,382	0	0	154,382
Capital Outlay	0	0	13,948	13,948
Debt Service:				
Principal Retirement	0	374,970	0	374,970
Interest and Fiscal Charges	0	156,966	13,800	170,766
<i>Total Expenditures</i>	<u>931,554</u>	<u>531,936</u>	<u>27,748</u>	<u>1,491,238</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>88,008</u>	<u>(124,292)</u>	<u>280,394</u>	<u>244,110</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	0	855,000	265,000	1,120,000
Current Refunding	0	(1,155,000)	(345,000)	(1,500,000)
Transfers In	13,086	375,709	93,800	482,595
Transfers Out	0	0	(375,709)	(375,709)
<i>Total Other Financing Sources (Uses)</i>	<u>13,086</u>	<u>75,709</u>	<u>(361,909)</u>	<u>(273,114)</u>
<i>Net Change in Fund Balances</i>	101,094	(48,583)	(81,515)	(29,004)
<i>Fund Balances Beginning of Year</i>	<u>421,171</u>	<u>239,145</u>	<u>95,148</u>	<u>755,464</u>
<i>Fund Balances End of Year</i>	<u>\$522,265</u>	<u>\$190,562</u>	<u>\$13,633</u>	<u>\$726,460</u>

**City of Brooklyn, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2006*

	Street Maintenance and Repair	State Highway	Community Development Block Grant
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$187,673	\$100,033	\$90,076
Cash and Cash Equivalents			
with Fiscal Agents	0	0	1,086
Intergovernmental Receivable	174,260	14,129	9,701
Property Taxes Receivable	0	0	0
<i>Total Assets</i>	<u>\$361,933</u>	<u>\$114,162</u>	<u>\$100,863</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$7,093	\$0	\$7,701
Accrued Wages and Benefits	4,487	0	0
Intergovernmental Payable	9,956	0	0
Interfund Payable	0	0	98,500
Deferred Revenue	133,565	10,830	0
<i>Total Liabilities</i>	<u>155,101</u>	<u>10,830</u>	<u>106,201</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	40,140	2,843	2,299
Unreserved, Undesignated (Deficit)	166,692	100,489	(7,637)
<i>Total Fund Balances (Deficit)</i>	<u>206,832</u>	<u>103,332</u>	<u>(5,338)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$361,933</u>	<u>\$114,162</u>	<u>\$100,863</u>

Street Lighting	Motor Vehicle License Tax	Recycling and Litter	D.A.R.E	Bullet Proof Vest	FEMA Fire Act
\$37,104	\$34,712	\$5,781	\$25,794	\$8,498	\$10
0	0	0	0	0	0
4,072	11,906	0	0	0	11,534
157,947	0	0	0	0	0
<u>\$199,123</u>	<u>\$46,618</u>	<u>\$5,781</u>	<u>\$25,794</u>	<u>\$8,498</u>	<u>\$11,544</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	679	0	0
0	0	0	2,044	0	0
0	0	0	0	0	0
162,019	7,903	0	0	0	11,534
<u>162,019</u>	<u>7,903</u>	<u>0</u>	<u>2,723</u>	<u>0</u>	<u>11,534</u>
0	20,758	0	0	0	0
37,104	17,957	5,781	23,071	8,498	10
<u>37,104</u>	<u>38,715</u>	<u>5,781</u>	<u>23,071</u>	<u>8,498</u>	<u>10</u>
<u>\$199,123</u>	<u>\$46,618</u>	<u>\$5,781</u>	<u>\$25,794</u>	<u>\$8,498</u>	<u>\$11,544</u>

(continued)

**City of Brooklyn, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2006*

	Federal Grants	Public Safety Equipment	Law Enforcement	Mandatory Drug Law
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$49	\$9,555	\$20,310	\$21,623
Cash and Cash Equivalents				
with Fiscal Agents	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$49</u>	<u>\$9,555</u>	<u>\$20,310</u>	<u>\$21,623</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$1,953	\$2,000	\$6,118
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>1,953</u>	<u>2,000</u>	<u>6,118</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	0	3,843	0	3,862
Unreserved, Undesignated (Deficit)	49	3,759	18,310	11,643
<i>Total Fund Balances (Deficit)</i>	<u>49</u>	<u>7,602</u>	<u>18,310</u>	<u>15,505</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$49</u>	<u>\$9,555</u>	<u>\$20,310</u>	<u>\$21,623</u>

Underground Storage Tank	Groeger Trust	Court Computer	Juvenile Diversion	Total Nonmajor Special Revenue Funds
\$7,872	\$6,507	\$46,879	\$1,989	\$604,465
0	0	0	0	1,086
0	0	0	0	225,602
0	0	0	0	157,947
<u>\$7,872</u>	<u>\$6,507</u>	<u>\$46,879</u>	<u>\$1,989</u>	<u>\$989,100</u>
\$353	\$0	\$0	\$0	\$25,218
0	0	0	0	5,166
0	0	100	0	12,100
0	0	0	0	98,500
0	0	0	0	325,851
<u>353</u>	<u>0</u>	<u>100</u>	<u>0</u>	<u>466,835</u>
1,680	0	18,743	0	94,168
5,839	6,507	28,036	1,989	428,097
<u>7,519</u>	<u>6,507</u>	<u>46,779</u>	<u>1,989</u>	<u>522,265</u>
<u>\$7,872</u>	<u>\$6,507</u>	<u>\$46,879</u>	<u>\$1,989</u>	<u>\$989,100</u>

**City of Brooklyn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2006*

	Street Maintenance and Repair	State Highway	Community Development Block Grant
<b>Revenues</b>			
Property Taxes	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0
Intergovernmental	590,527	47,880	23,982
Interest	6,915	3,992	0
<i>Total Revenues</i>	<u>597,442</u>	<u>51,872</u>	<u>23,982</u>
<b>Expenditures</b>			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Transportation	510,940	14,761	0
Community Environment	0	0	9,701
Basic Utility Services	0	0	0
<i>Total Expenditures</i>	<u>510,940</u>	<u>14,761</u>	<u>9,701</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	86,502	37,111	14,281
<b>Other Financing Sources</b>			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	86,502	37,111	14,281
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>120,330</u>	<u>66,221</u>	<u>(19,619)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$206,832</u></u>	<u><u>\$103,332</u></u>	<u><u>(\$5,338)</u></u>

Street Lighting	Motor Vehicle License Tax	Recycling and Litter	D.A.R.E	Bullet Proof Vest	FEMA Fire Act
\$142,696	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
15,500	31,902	0	40,176	0	58,630
0	1,189	0	0	0	0
158,196	33,091	0	40,176	0	58,630
0	0	0	0	0	0
0	0	0	46,512	0	61,716
0	10,187	0	0	0	0
0	0	0	0	0	0
154,382	0	0	0	0	0
154,382	10,187	0	46,512	0	61,716
3,814	22,904	0	(6,336)	0	(3,086)
0	0	0	0	0	13,086
3,814	22,904	0	(6,336)	0	10,000
33,290	15,811	5,781	29,407	8,498	(9,990)
\$37,104	\$38,715	\$5,781	\$23,071	\$8,498	\$10

(continued)

**City of Brooklyn, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2006*

	Federal Grants	Public Safety Equipment	Law Enforcement	Mandatory Drug Law
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	7,621	8,867	10,324
Intergovernmental	0	0	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>7,621</u>	<u>8,867</u>	<u>10,324</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	8,310	7,947	8,540
Transportation	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>8,310</u>	<u>7,947</u>	<u>8,540</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(689)	920	1,784
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	0	(689)	920	1,784
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>49</u>	<u>8,291</u>	<u>17,390</u>	<u>13,721</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$49</u>	<u>\$7,602</u>	<u>\$18,310</u>	<u>\$15,505</u>



Underground Storage Tank	Groeger Trust	Court Computer	Juvenile Diversion	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$142,696
0	0	17,335	0	44,147
0	0	0	12,000	820,597
0	26	0	0	12,122
0	26	17,335	12,000	1,019,562
0	0	32,132	0	32,132
0	0	0	12,215	145,240
0	0	0	0	535,888
20,359	33,852	0	0	63,912
0	0	0	0	154,382
20,359	33,852	32,132	12,215	931,554
(20,359)	(33,826)	(14,797)	(215)	88,008
0	0	0	0	13,086
(20,359)	(33,826)	(14,797)	(215)	101,094
27,878	40,333	61,576	2,204	421,171
\$7,519	\$6,507	\$46,779	\$1,989	\$522,265

**City of Brooklyn, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2006*

	Tiedeman Road	I-480 / Tiedeman Upgrade	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$27,581	\$52	\$27,633
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Interfund Payable	\$0	\$14,000	\$14,000
<b>Fund Balances</b>			
Unreserved, Undesignated (Deficit)	27,581	(13,948)	13,633
<i>Total Liabilities and Fund Balances</i>	<u>\$27,581</u>	<u>\$52</u>	<u>\$27,633</u>

**City of Brooklyn, Ohio**  
*Combing Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2006*

	Tiedeman Road	Biddulph Road	I- 480 / Tiedeman Upgrade	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Municipal Income Taxes	\$223,802	\$0	\$0	\$223,802
Property Taxes	79,210	0	0	79,210
Interest	5,130	0	0	5,130
<i>Total Revenues</i>	<u>308,142</u>	<u>0</u>	<u>0</u>	<u>308,142</u>
<b>Expenditures</b>				
Capital Outlay	0	0	13,948	13,948
Debt Service:				
Interest and Fiscal Charges	0	13,800	0	13,800
<i>Total Expenditures</i>	<u>0</u>	<u>13,800</u>	<u>13,948</u>	<u>27,748</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>308,142</u>	<u>(13,800)</u>	<u>(13,948)</u>	<u>280,394</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued		265,000	0	265,000
Current Refunding		(345,000)	0	(345,000)
Transfers In		93,800	0	93,800
Transfers Out	(375,709)	0	0	(375,709)
<i>Total Other Financing Sources (Uses)</i>	<u>(375,709)</u>	<u>13,800</u>	<u>0</u>	<u>(361,909)</u>
<i>Net Change in Fund Balances</i>	(67,567)	0	(13,948)	(81,515)
<i>Fund Balances Beginning of Year</i>	<u>95,148</u>	<u>0</u>	<u>0</u>	<u>95,148</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$27,581</u>	<u>\$0</u>	<u>(\$13,948)</u>	<u>\$13,633</u>

## ***Fund Descriptions - Fiduciary Funds***

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### ***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.

**City of Brooklyn, Ohio**  
*Combining Statement of Assets and Liabilities*  
*Agency Funds*  
*December 31, 2006*

	Required Deposits	Building Assessment Fees	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$98,971	\$308	\$99,279
<b>Liabilities</b>			
Intergovernmental Payable	\$0	\$291	\$291
Accounts Payable	0	17	17
Deposits Held and Due to Others	98,971	0	98,971
<i>Total Liabilities</i>	\$98,971	\$308	\$99,279

**City of Brooklyn, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2006*

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06
<b><i>Required Deposits</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$84,910	\$20,275	\$6,214	\$98,971
<b>Liabilities</b>				
Deposits Held and Due to Others	\$84,910	\$20,275	\$6,214	\$98,971
<b><i>Building Assessment Fees</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$291	\$1,515	\$1,498	\$308
<b>Liabilities</b>				
Intergovernmental Payable	\$291	\$0	\$0	\$291
Accounts Payable	0	1,515	1,498	17
<i>Total Liabilities</i>	\$291	\$1,515	\$1,498	\$308
<b><i>Totals - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$85,201	\$21,790	\$7,712	\$99,279
<b>Liabilities</b>				
Intergovernmental Payable	\$291	\$0	\$0	\$291
Accounts Payable	0	1,515	1,498	17
Deposits Held and Due to Others	84,910	20,275	6,214	98,971
<i>Total Liabilities</i>	\$85,201	\$21,790	\$7,712	\$99,279

*Individual Fund Schedules of Revenues, Expenditures  
and Changes in Fund Balances  
Budget (Non-GAAP Basis) and Actual*

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**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$10,693,161	\$10,693,161	\$10,776,654	\$83,493
Property Taxes	1,208,675	1,143,315	1,098,028	(45,287)
Charges for Services	864,800	794,800	806,834	12,034
Fines, Licenses and Permits	703,075	726,375	708,476	(17,899)
Intergovernmental	1,098,640	1,150,515	1,155,672	5,157
Contributions and Donations	31,500	31,500	24,850	(6,650)
Interest	303,425	344,700	323,822	(20,878)
Rent	285,800	285,800	286,254	454
Other	29,300	38,313	54,907	16,594
<i>Total Revenues</i>	15,218,376	15,208,479	15,235,497	27,018
<b>Expenditures</b>				
Current:				
General Government:				
Income Tax:				
Personal Services	167,767	171,895	167,014	4,881
Materials and Supplies	28,012	26,412	24,941	1,471
Contractual Services	10,200	10,200	9,639	561
Capital Outlay	900	900	0	900
Other	800	800	718	82
Total Income Tax	207,679	210,207	202,312	7,895
Council:				
Personal Services	116,034	116,379	114,757	1,622
Materials and Supplies	9,170	11,170	7,209	3,961
Contractual Services	16,150	4,650	2,405	2,245
Other	1,000	1,000	0	1,000
Total Council	142,354	133,199	124,371	8,828
Mayor:				
Personal Services	323,864	323,975	322,148	1,827
Materials and Supplies	8,726	10,726	10,225	501
Contractual Services	10,900	13,100	12,285	815
Capital Outlay	1,200	600	428	172
Other	5,745	5,745	3,601	2,144
Total Mayor	\$350,435	\$354,146	\$348,687	\$5,459

(continued)

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal:				
Personal Services	\$246,551	\$270,799	\$269,343	\$1,456
Materials and Supplies	3,030	3,030	468	2,562
Contractual Services	86,050	103,550	99,938	3,612
Other	600	600	0	600
<b>Total Legal</b>	<b>336,231</b>	<b>377,979</b>	<b>369,749</b>	<b>8,230</b>
Finance:				
Personal Services	208,021	213,457	212,175	1,282
Materials and Supplies	14,596	12,096	10,600	1,496
Contractual Services	54,055	49,055	40,122	8,933
Capital Outlay	1,000	1,000	160	840
Other	2,000	2,000	1,237	763
<b>Total Finance</b>	<b>279,672</b>	<b>277,608</b>	<b>264,294</b>	<b>13,314</b>
Civil Service:				
Personal Services	10,880	11,138	10,863	275
Materials and Supplies	1,050	1,800	1,585	215
Contractual Services	4,100	5,350	3,956	1,394
Other	135	135	0	135
<b>Total Civil Service</b>	<b>16,165</b>	<b>18,423</b>	<b>16,404</b>	<b>2,019</b>
Engineering:				
Personal Services	0	18,250	17,953	297
Contractual Services	159,274	147,274	77,173	70,101
<b>Total Engineering</b>	<b>159,274</b>	<b>165,524</b>	<b>95,126</b>	<b>70,398</b>
Miscellaneous:				
Materials and Supplies	4,740	2,470	2,228	242
Contractual Services	390,261	347,761	318,346	29,415
<b>Total Miscellaneous</b>	<b>395,001</b>	<b>350,231</b>	<b>320,574</b>	<b>29,657</b>
<b>Total General Government</b>	<b>\$1,886,811</b>	<b>\$1,887,317</b>	<b>\$1,741,517</b>	<b>\$145,800</b>

(continued)

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Security of Persons and Property:				
Public Safety:				
Personal Services	\$3,636,371	\$3,525,053	\$3,497,454	\$27,599
Materials and Supplies	213,012	253,362	228,639	24,723
Contractual Services	174,061	184,611	166,757	17,854
Other	2,400	3,300	3,011	289
<b>Total Public Safety</b>	<b>4,025,844</b>	<b>3,966,326</b>	<b>3,895,861</b>	<b>70,465</b>
Fire Department:				
Personal Services	2,622,991	2,737,779	2,707,466	30,313
Materials and Supplies	68,377	77,377	62,066	15,311
Contractual Services	35,130	29,415	28,559	856
Capital Outlay	27,514	23,014	19,340	3,674
Other	2,000	2,000	317	1,683
<b>Total Fire Department</b>	<b>2,756,012</b>	<b>2,869,585</b>	<b>2,817,748</b>	<b>51,837</b>
<b>Total Security of Persons and Property</b>	<b>6,781,856</b>	<b>6,835,911</b>	<b>6,713,609</b>	<b>122,302</b>
Community Environment:				
Public Lands and Buildings:				
Personal Services	98,309	101,497	100,624	873
Materials and Supplies	65,964	69,964	64,605	5,359
Contractual Services	789,886	867,611	823,459	44,152
Capital Outlay	32,000	26,000	23,179	2,821
<b>Total Public Lands and Buildings</b>	<b>986,159</b>	<b>1,065,072</b>	<b>1,011,867</b>	<b>53,205</b>
Public Service:				
Personal Services	161,592	163,371	160,571	2,800
Materials and Supplies	5,900	2,900	832	2,068
Contractual Services	250	500	407	93
Other	1,000	750	563	187
<b>Total Public Service</b>	<b>168,742</b>	<b>167,521</b>	<b>162,373</b>	<b>5,148</b>
Building Department:				
Personal Services	228,147	225,529	223,531	1,998
Materials and Supplies	5,776	4,526	4,180	346
Contractual Services	5,750	4,850	3,534	1,316
Other	2,000	1,400	450	950
<b>Total Building Department</b>	<b>\$241,673</b>	<b>\$236,305</b>	<b>\$231,695</b>	<b>\$4,610</b>

(continued)

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recycling:				
Personal Services	\$62,564	\$63,764	\$62,984	\$780
Materials and Supplies	5,700	3,150	1,700	1,450
Contractual Services	39,350	33,350	30,563	2,787
Other	250	250	0	250
<b>Total Recycling</b>	<b>107,864</b>	<b>100,514</b>	<b>95,247</b>	<b>5,267</b>
Service Department				
Materials and Supplies	5,000	5,000	5,000	0
Contractual Services	10,000	5,000	3,220	1,780
Capital Outlay	101,903	94,403	86,813	7,590
<b>Total Service Department</b>	<b>116,903</b>	<b>104,403</b>	<b>95,033</b>	<b>9,370</b>
Landfill:				
Contractual Services	10,000	10,000	1,000	9,000
<b>Total Community Environment</b>	<b>1,631,341</b>	<b>1,683,815</b>	<b>1,597,215</b>	<b>86,600</b>
Basic Utility Services				
Garage:				
Personal Services	2,253,090	2,283,380	2,248,430	34,950
Materials and Supplies	266,396	262,496	242,458	20,038
Contractual Services	16,000	15,500	9,385	6,115
Capital Outlay	17,650	3,150	396	2,754
Other	700	700	34	666
<b>Total Basic Utility Services</b>	<b>2,553,836</b>	<b>2,565,226</b>	<b>2,500,703</b>	<b>64,523</b>
Leisure Time Activities:				
Recreation Center:				
Personal Services	745,723	632,473	611,335	21,138
Materials and Supplies	101,206	104,956	90,159	14,797
Contractual Services	113,965	115,215	82,616	32,599
Capital Outlay	6,000	5,000	3,648	1,352
Other	3,000	3,000	1,118	1,882
<b>Total Recreation Center</b>	<b>969,894</b>	<b>860,644</b>	<b>788,876</b>	<b>71,768</b>
Indoor/Outdoor Pool:				
Personal Services	477,885	503,395	500,279	3,116
Materials and Supplies	101,002	95,002	75,934	19,068
Contractual Services	37,381	36,881	30,217	6,664
Capital Outlay	9,700	8,000	4,947	3,053
Other	4,200	4,200	1,465	2,735
<b>Total Indoor/Outdoor Pool</b>	<b>\$630,168</b>	<b>\$647,478</b>	<b>\$612,842</b>	<b>\$34,636</b>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks:				
Personal Services	\$45,060	\$44,430	\$42,974	\$1,456
Materials and Supplies	36,524	36,524	33,697	2,827
Contractual Services	38,150	33,450	27,905	5,545
Capital Outlay	15,500	14,500	8,341	6,159
<b>Total Parks</b>	<b>135,234</b>	<b>128,904</b>	<b>112,917</b>	<b>15,987</b>
Senior Services:				
Personal Services	353,337	340,412	337,080	3,332
Materials and Supplies	61,566	62,066	57,299	4,767
Contractual Services	35,080	34,450	27,376	7,074
Capital Outlay	4,000	4,000	2,876	1,124
Other	250	250	0	250
<b>Total Senior Services</b>	<b>454,233</b>	<b>441,178</b>	<b>424,631</b>	<b>16,547</b>
<b>Total Leisure Time Activities</b>	<b>2,189,529</b>	<b>2,078,204</b>	<b>1,939,266</b>	<b>138,938</b>
<b>Total Expenditures</b>	<b>15,043,373</b>	<b>15,050,473</b>	<b>14,492,310</b>	<b>558,163</b>
<i>Excess of Revenues Over Expenditures</i>	<i>175,003</i>	<i>158,006</i>	<i>743,187</i>	<i>585,181</i>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,000	30,320	30,320	0
Advances In	0	0	7,500	7,500
Transfers Out	(449,717)	(469,977)	(466,926)	3,051
<b>Total Other Financing Sources (Uses)</b>	<b>(439,717)</b>	<b>(439,657)</b>	<b>(429,106)</b>	<b>10,551</b>
<b>Net Change in Fund Balance</b>	<b>(264,714)</b>	<b>(281,651)</b>	<b>314,081</b>	<b>595,732</b>
<b>Fund Balance Beginning of Year</b>	<b>5,057,871</b>	<b>5,057,871</b>	<b>5,057,871</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>103,011</b>	<b>103,011</b>	<b>103,011</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$4,896,168</b>	<b>\$4,879,231</b>	<b>\$5,474,963</b>	<b>\$595,732</b>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$392,372	\$365,441	\$356,739	(\$8,702)
Intergovernmental	27,500	41,330	38,738	(2,592)
<i>Total Revenues</i>	<u>419,872</u>	<u>406,771</u>	<u>395,477</u>	<u>(11,294)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	445,193	437,623	436,090	1,533
Debt Service:				
Principal Retirement	949	949	949	0
Interest and Fiscal Charges	2,293	2,293	2,293	0
Total Debt Service	<u>3,242</u>	<u>3,242</u>	<u>3,242</u>	<u>0</u>
<i>Total Expenditures</i>	<u>448,435</u>	<u>440,865</u>	<u>439,332</u>	<u>1,533</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(28,563)	(34,094)	(43,855)	(9,761)
<b>Other Financing Sources</b>				
Transfers In	0	4,572	16,000	11,428
<i>Net Change in Fund Balance</i>	(28,563)	(29,522)	(27,855)	1,667
<i>Fund Balance Beginning of Year</i>	<u>30,281</u>	<u>30,281</u>	<u>30,281</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,718</u>	<u>\$759</u>	<u>\$2,426</u>	<u>\$1,667</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$470,069	\$436,469	\$428,086	(\$8,383)
Intergovernmental	37,000	49,600	46,489	(3,111)
<i>Total Revenues</i>	507,069	486,069	474,575	(11,494)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Pension:				
Personal Services	520,958	535,520	535,515	5
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(13,889)	(49,451)	(60,940)	(11,489)
<b>Other Financing Sources</b>				
Transfers In	0	486	12,500	12,014
<i>Net Change in Fund Balance</i>	(13,889)	(48,965)	(48,440)	525
<i>Fund Balance Beginning of Year</i>	49,059	49,059	49,059	0
<i>Fund Balance End of Year</i>	\$35,170	\$94	\$619	\$525

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$1,458,158	\$1,478,398	\$1,469,544	(\$8,854)
Interest	0	385	29,322	28,937
<i>Total Revenues</i>	<u>1,458,158</u>	<u>1,478,783</u>	<u>1,498,866</u>	<u>20,083</u>
<b>Expenditures</b>				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	1,713,683	2,046,883	1,927,909	118,974
Debt Service:				
Principal Retirement	165,677	165,677	165,677	0
Interest and Fiscal Charges	21,195	21,195	21,195	0
Total Debt Service	<u>186,872</u>	<u>186,872</u>	<u>186,872</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,900,555</u>	<u>2,233,755</u>	<u>2,114,781</u>	<u>118,974</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(442,397)</u>	<u>(754,972)</u>	<u>(615,915)</u>	<u>139,057</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	186,000	186,000
Advances Out	0	0	(100,000)	(100,000)
Transfers Out	(105,086)	(106,886)	(106,886)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(105,086)</u>	<u>(106,886)</u>	<u>(20,886)</u>	<u>86,000</u>
<i>Net Change in Fund Balance</i>	(547,483)	(861,858)	(636,801)	225,057
<i>Fund Balance Beginning of Year</i>	1,308,495	1,308,495	1,308,495	0
Prior Year Encumbrances Appropriated	<u>255,710</u>	<u>255,710</u>	<u>255,710</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,016,722</u>	<u>\$702,347</u>	<u>\$927,404</u>	<u>\$225,057</u>



**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safety Forces Construction Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$0	\$344,345	\$233,282	(\$111,063)
<b>Expenditures</b>				
Capital Outlay				
Safety Construction				
Contractual Services	4,613,847	4,465,147	4,465,147	0
Capital Outlay	525,000	517,991	517,991	0
Total Capital Outlay	5,138,847	4,983,138	4,983,138	0
Debt Service:				
Principal Retirement	0	158,088	230,000	(71,912)
Interest and Fiscal Charges	172,000	319,622	324,622	(5,000)
Bond Issuance Costs	0	0	113,472	(113,472)
Total Debt Service	172,000	477,710	668,094	(190,384)
<i>Total Expenditures</i>	5,310,847	5,460,848	5,651,232	(190,384)
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(5,310,847)	(5,116,503)	(5,417,950)	(301,447)
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	5,135,522	5,141,527	5,255,000	113,473
Bond Premium	299,477	299,477	299,477	0
Refunding Principal	(4,300,000)	(4,300,000)	(4,300,000)	0
Transfers In	380,717	380,717	392,226	11,509
<i>Total Other Financing Sources (Uses)</i>	1,515,716	1,521,721	1,646,703	124,982
<i>Net Change in Fund Balance</i>	(3,795,131)	(3,594,782)	(3,771,247)	(176,465)
<i>Fund Balance Beginning of Year</i>	3,273,575	3,273,575	3,273,575	0
Prior Year Encumbrances Appropriated	573,848	573,848	573,848	0
<i>Fund Balance End of Year</i>	\$52,292	\$252,641	\$76,176	(\$176,465)

**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$589,000	\$589,000	\$597,812	\$8,812
Interest	2,600	4,800	6,915	2,115
Other	500	500	0	(500)
<i>Total Revenues</i>	<u>592,100</u>	<u>594,300</u>	<u>604,727</u>	<u>10,427</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	323,994	322,574	302,305	20,269
Materials and Supplies	105,715	89,635	80,263	9,372
Contractual Services	79,978	106,478	106,110	368
Capital Outlay	80,000	71,000	68,138	2,862
<i>Total Expenditures</i>	<u>589,687</u>	<u>589,687</u>	<u>556,816</u>	<u>32,871</u>
<i>Net Change in Fund Balance</i>	2,413	4,613	47,911	43,298
<i>Fund Balance Beginning of Year</i>	92,816	92,816	92,816	0
Prior Year Encumbrances Appropriated	<u>2,135</u>	<u>2,135</u>	<u>2,135</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$97,364</u>	<u>\$99,564</u>	<u>\$142,862</u>	<u>\$43,298</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$42,800	\$46,000	\$48,471	\$2,471
Interest	800	2,350	3,992	1,642
<i>Total Revenues</i>	<u>43,600</u>	<u>48,350</u>	<u>52,463</u>	<u>4,113</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Garage:				
Personal Services	5,025	5,025	3,200	1,825
Materials and Supplies	34,242	34,242	17,499	16,743
Contractual Services	10,594	10,594	3,543	7,051
Capital Outlay	7,500	7,500	0	7,500
<i>Total Expenditures</i>	<u>57,361</u>	<u>57,361</u>	<u>24,242</u>	<u>33,119</u>
<i>Net Change in Fund Balance</i>	(13,761)	(9,011)	28,221	37,232
<i>Fund Balance Beginning of Year</i>	67,377	67,377	67,377	0
Prior Year Encumbrances Appropriated	<u>1,592</u>	<u>1,592</u>	<u>1,592</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$55,208</u>	<u>\$59,958</u>	<u>\$97,190</u>	<u>\$37,232</u>

**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$20,000	\$29,000	\$23,933	(\$5,067)
<b>Expenditures</b>				
Current:				
Community Environment:				
Community Development Block Grant:				
Capital Outlay	<u>23,810</u>	<u>23,810</u>	<u>10,000</u>	<u>13,810</u>
<i>Net Change in Fund Balance</i>	(3,810)	5,190	13,933	8,743
<i>Fund Balance Beginning of Year</i>	65,419	65,419	65,419	0
Prior Year Encumbrances Appropriated	<u>3,810</u>	<u>3,810</u>	<u>3,810</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$65,419</u></u>	<u><u>\$74,419</u></u>	<u><u>\$83,162</u></u>	<u><u>\$8,743</u></u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Lighting Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$144,674	\$141,674	\$142,696	\$1,022
Intergovernmental	12,171	15,300	15,500	200
<i>Total Revenues</i>	156,845	156,974	158,196	1,222
<b>Expenditures</b>				
Current:				
Basic Utility Services:				
Street Lighting:				
Contractual Services	170,000	170,000	154,428	15,572
<i>Net Change in Fund Balance</i>	(13,155)	(13,026)	3,768	16,794
<i>Fund Balance Beginning of Year</i>	33,336	33,336	33,336	0
<i>Fund Balance End of Year</i>	<u>\$20,181</u>	<u>\$20,310</u>	<u>\$37,104</u>	<u>\$16,794</u>

**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$34,500	\$34,500	\$31,947	(\$2,553)
Interest	400	575	1,189	614
<i>Total Revenues</i>	<u>34,900</u>	<u>35,075</u>	<u>33,136</u>	<u>(1,939)</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Materials and Supplies	41,619	41,619	32,724	8,895
Contractual Services	6,300	6,300	4,740	1,560
<i>Total Expenditures</i>	<u>47,919</u>	<u>47,919</u>	<u>37,464</u>	<u>10,455</u>
<i>Net Change in Fund Balance</i>	(13,019)	(12,844)	(4,328)	8,516
<i>Fund Balance Beginning of Year</i>	16,763	16,763	16,763	0
Prior Year Encumbrances Appropriated	1,519	1,519	1,519	0
<i>Fund Balance End of Year</i>	<u>\$5,263</u>	<u>\$5,438</u>	<u>\$13,954</u>	<u>\$8,516</u>

**City of Brooklyn, Ohio**  
*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, 2006*

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

**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$40,433	\$40,433	\$40,176	(\$257)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	45,055	45,055	44,826	229
<i>Net Change in Fund Balance</i>	(4,622)	(4,622)	(4,650)	(28)
<i>Fund Balance Beginning of Year</i>	30,444	30,444	30,444	0
<i>Fund Balance End of Year</i>	<u>\$25,822</u>	<u>\$25,822</u>	<u>\$25,794</u>	<u>(\$28)</u>



**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	0	4,000
<i>Fund Balance Beginning of Year</i>	<u>8,498</u>	<u>8,498</u>	<u>8,498</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,498</u></u>	<u><u>\$4,498</u></u>	<u><u>\$8,498</u></u>	<u><u>\$4,000</u></u>

**City of Brooklyn, Ohio**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$73,856	\$148,630	\$148,630	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Capital Outlay	<u>73,856</u>	<u>61,716</u>	<u>61,716</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>0</u>	<u>86,914</u>	<u>86,914</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out	0	0	(100,000)	(100,000)
Transfers In	<u>0</u>	<u>13,086</u>	<u>13,086</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>13,086</u>	<u>(86,914)</u>	<u>(100,000)</u>
<i>Net Change in Fund Balance</i>	0	100,000	0	(100,000)
<i>Fund Balance Beginning of Year</i>	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10</u>	<u>\$100,010</u>	<u>\$10</u>	<u>(\$100,000)</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Federal Grants Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<b>Other Financing Uses</b>				
Advances Out	<u>0</u>	<u>0</u>	<u>(7,500)</u>	<u>(7,500)</u>
<i>Net Change in Fund Balance</i>	0	0	(7,500)	(7,500)
<i>Fund Balance Beginning of Year</i>	<u>7,549</u>	<u>7,549</u>	<u>7,549</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,549</u></u>	<u><u>\$7,549</u></u>	<u><u>\$49</u></u>	<u><u>(\$7,500)</u></u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Public Safety Equipment Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses, Permits and Fees	\$9,000	\$9,000	\$7,621	(\$1,379)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Public Safety Equipment:				
Capital Outlay	10,000	10,700	10,246	454
<i>Net Change in Fund Balance</i>	(1,000)	(1,700)	(2,625)	(925)
<i>Fund Balance Beginning of Year</i>	8,337	8,337	8,337	0
<i>Fund Balance End of Year</i>	<u>\$7,337</u>	<u>\$6,637</u>	<u>\$5,712</u>	<u>(\$925)</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$3,000	\$8,675	\$8,867	\$192
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Materials and Supplies	3,000	3,475	3,447	28
Enforcement and Education:				
Contractual Services	4,500	4,500	4,500	0
<i>Total Expenditures</i>	7,500	7,975	7,947	28
<i>Net Change in Fund Balance</i>	(4,500)	700	920	220
<i>Fund Balance Beginning of Year</i>	17,390	17,390	17,390	0
<i>Fund Balance End of Year</i>	\$12,890	\$18,090	\$18,310	\$220

**City of Brooklyn, Ohio**  
*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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$9,000	\$9,000	\$10,324	\$1,324
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Mandatory Drug Law:				
Materials and Supplies	7,000	7,000	2,422	4,578
Capital Outlay	14,000	14,000	9,980	4,020
<i>Total Expenditures</i>	21,000	21,000	12,402	8,598
<i>Net Change in Fund Balance</i>	(12,000)	(12,000)	(2,078)	9,922
<i>Fund Balance Beginning of Year</i>	13,721	13,721	13,721	0
<i>Fund Balance End of Year</i>	\$1,721	\$1,721	\$11,643	\$9,922

**City of Brooklyn, Ohio**  
*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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Community Environment:				
Underground Storage Tank:				
Contractual Services	15,000	27,800	21,686	6,114
<i>Net Change in Fund Balance</i>	(15,000)	(27,800)	(21,686)	6,114
<i>Fund Balance Beginning of Year</i>	27,878	27,878	27,878	0
<i>Fund Balance End of Year</i>	\$12,878	\$78	\$6,192	\$6,114

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Groeger Trust Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Interest	\$500	\$500	\$40	(\$460)
<b>Expenditures</b>				
Current:				
Community Environment:				
Groeger Trust:				
Contractual Services	<u>34,697</u>	<u>34,697</u>	<u>33,852</u>	<u>845</u>
<i>Net Change in Fund Balance</i>	(34,197)	(34,197)	(33,812)	385
<i>Fund Balance Beginning of Year</i>	6,621	6,621	6,621	0
Prior Year Encumbrances Appropriated	<u>33,697</u>	<u>33,697</u>	<u>33,697</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,121</u></u>	<u><u>\$6,121</u></u>	<u><u>\$6,506</u></u>	<u><u>\$385</u></u>



**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Court Computer Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Fines, Licenses and Permits	\$19,000	\$19,000	\$17,335	(\$1,665)
<b>Expenditures</b>				
Current:				
General Government:				
Courts:				
Materials and Supplies	12,421	17,421	16,740	681
Contractual Services	2,000	15,000	9,318	5,682
Capital Outlay	16,684	26,684	25,404	1,280
<i>Total Expenditures</i>	<u>31,105</u>	<u>59,105</u>	<u>51,462</u>	<u>7,643</u>
<i>Net Change in Fund Balance</i>	(12,105)	(40,105)	(34,127)	5,978
<i>Fund Balance Beginning of Year</i>	61,858	61,858	61,858	0
Prior Year Encumbrances Appropriated	<u>405</u>	<u>405</u>	<u>405</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$50,158</u></u>	<u><u>\$22,158</u></u>	<u><u>\$28,136</u></u>	<u><u>\$5,978</u></u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Juvenile Diversion Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$12,000	\$12,000	\$12,000	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Juvenile Diversion:				
Materials and Supplies	800	1,101	215	886
Contractual Services	12,000	12,000	12,000	0
<i>Total Expenditures</i>	<u>12,800</u>	<u>13,101</u>	<u>12,215</u>	<u>886</u>
<i>Net Change in Fund Balance</i>	(800)	(1,101)	(215)	886
<i>Fund Balance Beginning of Year</i>	<u>2,204</u>	<u>2,204</u>	<u>2,204</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,404</u></u>	<u><u>\$1,103</u></u>	<u><u>\$1,989</u></u>	<u><u>\$886</u></u>

**City of Brooklyn, Ohio**  
*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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$372,948	\$354,118	\$356,740	\$2,622
Intergovernmental	30,000	48,830	42,884	(5,946)
Interest	9,729	4,729	8,051	3,322
<i>Total Revenues</i>	<i>412,677</i>	<i>407,677</i>	<i>407,675</i>	<i>(2)</i>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	374,914	374,971	374,970	1
Interest and Fiscal Charges	156,966	156,966	156,966	0
<i>Total Expenditures</i>	<i>531,880</i>	<i>531,937</i>	<i>531,936</i>	<i>1</i>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<i>(119,203)</i>	<i>(124,260)</i>	<i>(124,261)</i>	<i>(1)</i>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	922,671	855,000	855,000	0
Current Refunding	(1,155,000)	(1,155,000)	(1,155,000)	0
Transfers In	300,719	375,719	375,709	(10)
<i>Total Other Financing Sources (Uses)</i>	<i>68,390</i>	<i>75,719</i>	<i>75,709</i>	<i>(10)</i>
<i>Net Change in Fund Balance</i>	<i>(50,813)</i>	<i>(48,541)</i>	<i>(48,552)</i>	<i>(11)</i>
<i>Fund Balance Beginning of Year</i>	<i>238,892</i>	<i>238,892</i>	<i>238,892</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$188,079</i>	<i>\$190,351</i>	<i>\$190,340</i>	<i>(\$11)</i>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Tiedeman Road Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$260,900	\$240,000	\$223,802	(\$16,198)
Property Taxes	82,000	62,000	79,210	17,210
Interest	2,500	3,650	5,130	1,480
<i>Total Revenues</i>	345,400	305,650	308,142	2,492
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	345,400	305,650	308,142	2,492
<b>Other Financing Uses</b>				
Transfers Out	(375,720)	(375,720)	(375,709)	11
<i>Net Change in Fund Balance</i>	(30,320)	(70,070)	(67,567)	2,503
<i>Fund Balance Beginning of Year</i>	95,148	95,148	95,148	0
<i>Fund Balance End of Year</i>	<u>\$64,828</u>	<u>\$25,078</u>	<u>\$27,581</u>	<u>\$2,503</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Biddulph Road Fund*  
*For the Year Ended December 31, 2006*

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	13,800	13,800	13,800	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(13,800)	(13,800)	(13,800)	0
<b>Other Financing Sources (Uses)</b>				
Notes Issued	265,000	265,000	265,000	0
Current Refunding	(345,000)	(345,000)	(345,000)	0
Transfers In	93,800	93,800	93,800	0
<i>Total Other Financing Sources (Uses)</i>	13,800	13,800	13,800	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**City of Brooklyn, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*I-480 / Tiedeman Upgrade Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$307,000	\$14,000	\$0	(\$14,000)
<b>Expenditures</b>				
Capital Outlay:				
I-480/ Tiedeman Roadway:				
Contractual Services	307,000	13,950	13,948	2
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>50</u>	<u>(13,948)</u>	<u>(13,998)</u>
<b>Other Financing Sources (Uses)</b>				
Advance In	0	0	100,000	100,000
Advance Out	<u>0</u>	<u>0</u>	<u>(86,000)</u>	<u>(86,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>14,000</u>	<u>14,000</u>
<i>Net Change in Fund Balance</i>	0	50	52	2
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$50</u></u>	<u><u>\$52</u></u>	<u><u>\$2</u></u>

## Statistical Section

This Part of the City of Brooklyn, Ohio’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

<b>Contents</b>	<b>Pages(s)</b>
<b><i>Financial Trends</i></b> .....	S3 – S9
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	S10 – S17
These schedules contain information to help the reader assess the City’s most significant local revenues, the property tax and the municipal income tax.	
<b><i>Debt Capacity</i></b> .....	S18 - S24
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b><i>Economic and Demographic Information</i></b> .....	S25 - S27
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b><i>Operating Information</i></b> .....	S28 - S35
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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**City of Brooklyn, Ohio**  
*Net Assets By Component*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
Governmental Activities				
Invested in Capital Assets	\$22,422,594	\$15,357,773	\$20,264,115	\$19,081,359
Restricted:				
Capital Projects	2,104,553	5,687,329	1,796,796	2,014,319
Debt Service	0	160,808	174,909	344,880
Street Construction, Maintenance and Repair	298,241	223,557	429,095	331,950
State Highway	114,162	77,558	78,242	0
Street Lighting	0	0	0	148,860
Court Computer	46,779	61,576	66,078	58,014
Police Programs	75,024	77,307	86,937	0
Other Purposes	170,522	145,292	92,640	134,707
Unrestricted	1,467,480	445,379	(161,198)	729,509
<i>Total Governmental Activities Net Assets</i>	<u>\$26,699,355</u>	<u>\$22,236,579</u>	<u>\$22,827,614</u>	<u>\$22,843,598</u>

**City of Brooklyn, Ohio**  
*Changes in Net Assets*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$70,964	\$49,926	\$29,684	\$33,508
Security of Persons and Property	760,677	674,340	722,691	810,495
Community Environment	136,206	124,325	108,532	132,797
Basic Utility Services	233	338	6,368	13,456
Leisure Time Activities	655,500	632,046	651,953	613,409
Subtotal - Charges for Services	<u>1,623,580</u>	<u>1,480,975</u>	<u>1,519,228</u>	<u>1,603,665</u>
Operating Grants and Contributions:				
General Government	22,059	22,886	27,316	26,647
Security of Persons and Property	147,644	201,212	256,546	85,474
Transportation	659,244	604,328	621,256	468,008
Community Environment	4,741	33,546	100,603	82,277
Subtotal - Operating Grants and Contributions	<u>833,688</u>	<u>861,972</u>	<u>1,005,721</u>	<u>662,406</u>
Capital Grants and Contributions:				
Security of Persons and Property	<u>0</u>	<u>35,093</u>	<u>0</u>	<u>0</u>
<i>Total Governmental Activities Program Revenues</i>	<u>2,457,268</u>	<u>2,378,040</u>	<u>2,524,949</u>	<u>2,266,071</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$1,412,185	\$2,022,846	\$1,780,771	\$1,728,888
Security of Persons and Property	7,065,965	8,768,021	7,445,195	7,434,844
Transportation	252,414	1,291,187	796,490	865,328
Community Environment	1,787,947	1,741,243	1,565,039	1,600,235
Basic Utility Services	2,872,710	3,012,207	3,019,920	2,982,030
Leisure Time Activities	2,322,058	2,305,614	2,423,794	2,430,608
Interest and Fiscal Charges	494,153	234,754	222,601	229,090
<i>Total Governmental Activities Expenses</i>	<u>16,207,432</u>	<u>19,375,872</u>	<u>17,253,810</u>	<u>17,271,023</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(\$13,750,164)</u>	<u>(\$16,997,832)</u>	<u>(\$14,728,861)</u>	<u>(\$15,004,952)</u>

(continued)

**City of Brooklyn, Ohio**  
*Changes in Net Assets (continued)*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	\$1,118,624	\$1,106,813	\$1,024,867	\$966,181
Street Lighting	148,264	92,175	93,809	88,999
Police Pension	485,973	377,898	302,767	283,463
Fire Pension	444,776	468,419	396,573	371,627
Debt Service	370,645	363,739	375,228	418,061
Capital Outlay	79,210	79,441	78,087	38,071
Municipal Income Taxes levied for:				
General Purposes	11,873,518	10,505,190	9,273,873	10,045,460
Debt Service	0	0	0	300,239
Capital Outlay	1,844,414	1,640,193	1,914,683	1,774,897
Grants and Entitlements not Restricted to				
Specific Programs	1,228,147	1,278,859	1,015,766	1,021,200
Investment Income	654,993	412,082	184,372	135,906
Gain on Sale of Capital Assets	0	2,696	0	0
Miscellaneous	81,341	79,292	52,852	23,490
<i>Total Governmental Activities</i>	<u>\$18,329,905</u>	<u>\$16,406,797</u>	<u>\$14,712,877</u>	<u>\$15,467,594</u>
<i>Total Change in Net Assets</i>	<u>\$4,579,741</u>	<u>(\$591,035)</u>	<u>(\$15,984)</u>	<u>\$462,642</u>

**City of Brooklyn, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>General Fund</b>				
Reserved	\$3,394,205	\$3,193,942	\$2,992,365	\$2,879,861
Unreserved	3,817,701	2,886,049	2,438,056	3,099,650
Total General Fund	7,211,906	6,079,991	5,430,421	5,979,511
<b>All Other Governmental Funds</b>				
Reserved	866,964	740,211	108,771	282,601
Unreserved, Undesignated, Reported in:				
Special Revenue funds	204,672	214,407	342,258	252,050
Debt Service funds	190,562	239,145	230,600	296,290
Capital Projects funds	1,261,437	4,946,139	1,703,137	1,756,892
Trust fund	0	0	0	0
Total All Other Governmental Funds (Deficit)	2,523,635	6,139,902	2,384,766	2,587,833
<b>Total Governmental Funds</b>	<b>\$9,735,541</b>	<b>\$12,219,893</b>	<b>\$7,815,187</b>	<b>\$8,567,344</b>

2002	2001	2000	1999	1998	1997
\$2,574,560	\$2,550,726	\$2,494,334	\$2,384,235	\$2,138,309	\$1,801,485
3,006,723	3,098,645	2,495,992	1,660,423	1,766,709	1,917,665
5,581,283	5,649,371	4,990,326	4,044,658	3,905,018	3,719,150
221,766	1,122,042	422,250	980,231	611,286	744,353
1,766,959	811,673	791,664	925,961	1,037,176	444,216
352,458	435,026	478,677	24,547	21,823	21,267
267,276	(327,810)	(660,392)	(365,628)	(815,945)	(1,948,823)
0	0	0	0	0	68,535
2,608,459	2,040,931	1,032,199	1,565,111	854,340	(670,452)
\$8,189,742	\$7,690,302	\$6,022,525	\$5,609,769	\$4,759,358	\$3,048,698

**City of Brooklyn, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>Revenues</b>					
Property and Other Taxes	\$2,436,189	\$2,502,769	\$2,264,418	\$2,150,305	\$2,163,852
Municipal Income Taxes	13,477,404	12,251,146	11,282,075	11,774,432	10,782,083
Charges for Services	825,376	802,328	837,834	822,895	880,019
Fees, Licenses and Permits	781,275	678,647	681,394	780,770	913,412
Intergovernmental	2,045,099	2,113,217	1,916,555	1,669,861	2,441,584
Special Assessments	0	0	85,000	75,000	97,278
Contributions and Donations	24,850	25,677	30,107	30,381	36,812
Interest	654,993	412,082	184,372	135,906	169,578
Rentals	16,929	0	0	0	277,502
Miscellaneous	81,341	79,292	52,852	23,490	146,089
<i>Total Revenues</i>	<u>20,343,456</u>	<u>18,865,158</u>	<u>17,334,607</u>	<u>17,463,040</u>	<u>17,908,209</u>
<b>Expenditures</b>					
Current:					
General Government	1,837,529	1,658,777	1,713,115	1,543,745	1,237,345
Security of Persons and Property	7,789,415	7,379,730	7,051,268	6,773,741	6,882,432
Transportation	535,888	713,054	518,645	587,379	441,473
Community Environment	1,642,951	1,409,089	1,474,151	1,364,005	1,329,200
Basic Utilities Services	2,506,344	2,612,506	2,636,120	2,526,614	2,545,154
Leisure Time Activity	1,929,067	1,970,298	2,023,864	1,955,914	1,904,760
Capital Outlay	5,893,082	2,501,641	1,516,301	1,388,901	2,554,573
Debt Service:					
Principal Retirement	955,504	1,150,667	3,158,241	3,344,804	601,985
Interest and Fiscal Charges	529,353	213,261	219,310	245,970	327,626
Bond Issuance Costs	113,472	0	0	0	0
<i>Total Expenditures</i>	<u>23,732,605</u>	<u>19,609,023</u>	<u>20,311,015</u>	<u>19,731,073</u>	<u>17,824,548</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,389,149)</u>	<u>(743,865)</u>	<u>(2,976,408)</u>	<u>(2,268,033)</u>	<u>83,661</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	30,320	2,696	3,601	0	11,688
Bond Premium	299,477	0	0	0	0
Bonds Issued	5,255,000	0	0	0	0
Refunding Bonds Issued	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Notes Issued	1,120,000	5,800,000	1,910,000	2,400,000	0
Loan Issued	0	0	0	0	0
Current Refunding	(5,800,000)	(1,500,000)	0	0	0
Inception of Capital Lease	0	845,875	310,650	245,635	404,091
Transfers In	903,321	769,054	764,070	477,475	431,695
Transfers Out	(903,321)	(769,054)	(764,070)	(477,475)	(431,695)
<i>Total Other Financing Sources (Uses)</i>	<u>904,797</u>	<u>5,148,571</u>	<u>2,224,251</u>	<u>2,645,635</u>	<u>415,779</u>
<i>Net Change in Fund Balances</i>	<u>(\$2,484,352)</u>	<u>\$4,404,706</u>	<u>(\$752,157)</u>	<u>\$377,602</u>	<u>\$499,440</u>
Debt Service as a Percentage of Noncapital Expenditures	9.8%	8.7%	21.9%	24.3%	6.5%

2001	2000	1999	1998	1997
\$2,119,172	\$1,940,738	\$1,970,925	\$1,892,557	\$1,812,119
10,913,483	10,805,058	10,829,840	10,291,422	9,394,571
836,209	918,360	854,820	864,833	895,669
945,521	777,777	639,315	582,282	560,823
3,007,322	1,963,558	1,607,493	1,731,872	1,701,222
96,027	97,163	98,085	103,077	94,497
37,002	0	0	0	0
254,194	432,953	326,242	314,734	240,032
50,502	59,502	55,452	55,002	55,002
332,570	54,233	275,785	621,371	76,654
<u>18,592,002</u>	<u>17,049,342</u>	<u>16,657,957</u>	<u>16,457,150</u>	<u>14,830,589</u>
1,078,961	1,170,328	1,257,501	952,117	1,028,763
6,272,853	5,961,771	5,369,536	4,927,882	4,758,297
483,164	435,153	514,698	415,122	406,540
1,359,695	1,695,579	1,582,706	1,329,777	841,787
2,522,773	2,408,694	1,807,094	1,868,029	1,788,096
1,640,474	1,673,426	1,724,163	1,673,353	1,787,422
2,679,727	2,445,106	2,790,950	4,134,110	1,536,538
518,114	496,559	420,337	361,806	381,508
388,338	349,970	340,561	486,476	488,839
0	0	89,691	0	0
<u>16,944,099</u>	<u>16,636,586</u>	<u>15,897,237</u>	<u>16,148,672</u>	<u>13,017,790</u>
<u>1,647,903</u>	<u>412,756</u>	<u>760,720</u>	<u>308,478</u>	<u>1,812,799</u>
19,874	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	4,397,806	0	0
0	0	(4,308,115)	0	0
0	0	0	2,011	8,412
0	0	0	1,400,171	0
0	0	0	0	0
0	0	0	0	0
479,765	1,230,450	1,762,704	3,211,277	965,661
(479,765)	(1,230,450)	(1,762,704)	(3,211,277)	(965,661)
<u>19,874</u>	<u>0</u>	<u>89,691</u>	<u>1,402,182</u>	<u>8,412</u>
<u>\$1,667,777</u>	<u>\$412,756</u>	<u>\$850,411</u>	<u>\$1,710,660</u>	<u>\$1,821,211</u>
6.8%	6.3%	6.9%	7.6%	8.2%

**City of Brooklyn, Ohio**  
*Assessed Valuation and Estimated True Values of Taxable Property*  
*Last Ten Years*

Year	Real Property			Tangible Personal Property	
	Assessed Value			Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$162,295,170	\$166,548,580	\$939,553,571	\$17,787,020	\$20,212,523
2005	148,042,060	152,992,920	860,099,942	17,752,200	20,172,955
2004	147,931,850	152,600,270	858,663,200	18,798,000	21,361,364
2003	147,673,370	149,627,960	849,432,371	19,429,120	22,078,545
2002	137,296,000	149,030,280	818,075,086	19,451,050	22,103,466
2001	137,290,460	146,525,220	810,901,942	20,934,340	23,789,022
2000	137,292,840	140,944,840	794,964,800	29,854,130	33,925,148
1999	124,540,400	125,617,720	714,737,486	32,288,580	36,691,568
1998	124,180,240	115,633,850	685,183,114	32,734,230	37,197,989
1997	123,688,500	111,577,710	672,189,171	33,266,860	37,803,250

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

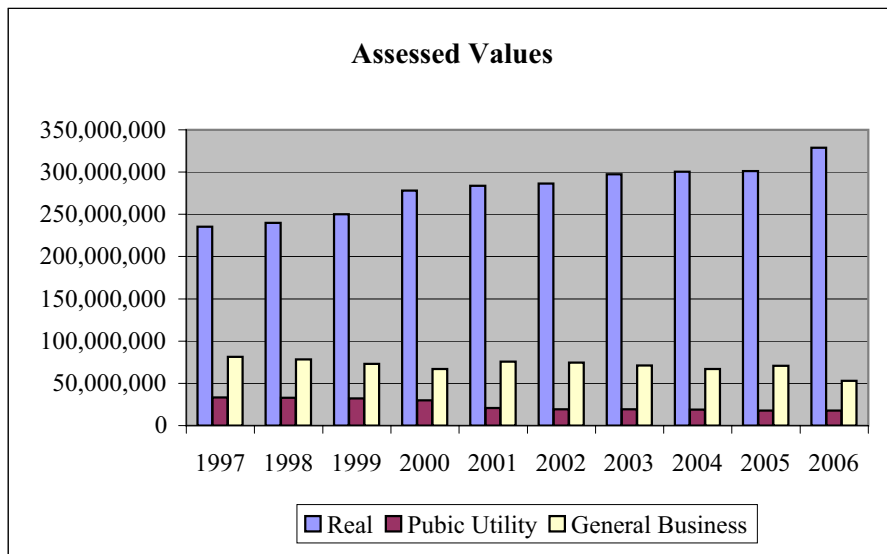
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Ohio Department of Taxation



Tangible Personal Property					
General Business		Total			Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$52,837,854	\$281,801,888	\$399,468,624	\$1,241,567,982	32 %	\$6.90
70,888,141	308,209,309	389,675,321	1,188,482,206	33	6.90
67,156,690	291,985,609	386,486,810	1,171,980,173	33	6.90
71,086,443	309,071,491	387,816,893	1,180,582,408	33	5.40
74,455,744	297,822,976	380,233,074	1,138,001,528	33	5.40
75,714,966	302,859,864	380,464,986	1,137,550,828	33	5.40
67,099,234	268,396,936	375,191,044	1,097,286,883	34	5.40
72,851,158	291,404,632	355,297,858	1,042,833,686	34	5.40
78,470,390	313,881,560	351,018,710	1,036,262,663	34	5.40
81,459,237	325,836,948	349,992,307	1,035,829,369	34	5.40



**City of Brooklyn, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Amounts Represent Mills)*  
*Last Ten Years*

	2006	2005	2004	2003
<b>Inside Charter Millage</b>				
Operating	2.30000	2.30000	2.30000	2.30000
Fire Pension	0.90000	0.90000	0.90000	0.90000
Police Pension	0.70000	0.70000	0.70000	0.70000
<i>Total Inside Charter Millage</i>	<u>3.90000</u>	<u>3.90000</u>	<u>3.90000</u>	<u>3.90000</u>
<b>Charter Millage</b>				
1976 Charter/Bond Retirement	1.00000	1.00000	1.00000	1.00000
1976 Charter/Street Lighting	0.40000	0.25000	0.25000	0.25000
1976 Charter/Debt Service	1.00000	1.00000	0.00000	0.00000
1976 Charter/Fire Pension	0.30000	0.40000	0.15000	0.15000
1976 Charter/Police Pension	0.30000	0.35000	0.10000	0.10000
<i>Total Charter Millage</i>	<u>3.00000</u>	<u>3.00000</u>	<u>1.50000</u>	<u>1.50000</u>
<b>Total Charter Millage</b>	<u><u>6.90000</u></u>	<u><u>6.90000</u></u>	<u><u>5.40000</u></u>	<u><u>5.40000</u></u>
<b>Overlapping Rates by Taxing District</b>				
Brooklyn City School District				
Residential/Agricultural Real	26.0281	26.0273	26.0257	29.9529
Commerical/Industrial and Public Utility Real	26.5609	26.4834	26.5447	30.1638
General Business and Public Utility Personal	39.5000	39.5000	39.5000	43.4000
Cuyahoga County Commissioners				
Residential/Agricultural Real	11.7227	10.9754	10.9899	12.4609
Commerical/Industrial and Public Utility Real	12.5762	11.9846	12.0433	12.8764
General Business and Public Utility Personal	13.5200	13.5200	13.5200	14.6500
Special Taxing Districts (1)				
Residential/Agricultural Real	8.2900	8.2880	6.7784	4.5323
Commerical/Industrial and Public Utility Real	8.5685	8.5067	7.1811	4.5497
General Business and Public Utility Personal	9.1800	9.1800	8.2800	5.3500

Source: Cuyahoga County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Real property tax rates are reduced so that inflationary increases in value do not generate additional revenue.

The City has 13 mills of charter millage authorized; through 2006 only 6.9 mills has been levied.

- (1) Metro Parks, Port Authority, County Library, Community College, and Polaris Joint Vocational School District. 1997 - 2003 include the Metro Parks, County Library, and Polaris Joint Vocational School District. 2004 - 2006 Port Authority and Community College added.

2002	2001	2000	1999	1998	1997
2.30000	2.30000	2.30000	2.30000	2.30000	2.30000
0.90000	0.90000	0.90000	0.90000	0.80000	0.80000
0.70000	0.70000	0.70000	0.70000	0.80000	0.80000
3.90000	3.90000	3.90000	3.90000	3.90000	3.90000
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.30000	0.50000	0.50000	0.50000	0.50000	0.50000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.10000	0.00000	0.00000	0.00000	0.00000	0.00000
0.10000	0.00000	0.00000	0.00000	0.00000	0.00000
1.50000	1.50000	1.50000	1.50000	1.50000	1.50000
5.40000	5.40000	5.40000	5.40000	5.40000	5.40000
29.9498	29.9425	26.5751	26.5702	26.3672	26.4865
30.1644	30.1654	28.6978	29.1181	29.0762	28.3637
43.4000	43.4000	40.0000	40.0000	39.8000	39.9000
11.3815	11.3967	11.4114	11.4230	9.6597	10.0197
12.0023	11.9298	12.3736	12.4065	11.7001	11.7723
14.6500	14.6500	13.7500	13.7500	15.0500	15.0500
4.5354	4.5422	4.8242	4.5610	2.5659	2.7725
4.5320	4.5253	4.8923	4.7811	2.7781	2.8647
5.3500	5.3500	5.3500	5.3500	2.9500	2.9500

**City of Brooklyn, Ohio**  
*Property Tax Levies And Collections (1)*  
*Last Ten Years*

Collection Year	Current Tax Levy (2)	Current Tax Collections (2)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections
2006	\$2,188,363	\$2,129,842	97.33%	\$25,608
2005	2,197,399	2,126,897	96.79	48,156
2004	1,721,897	1,674,028	97.22	60,099
2003	1,658,287	1,590,902	95.94	30,891
2,002	1,645,513	1,587,957	96.50	67,587
2,001	1,664,679	1,636,000	98.28	27,767
2,000	1,515,926	1,489,947	98.29	28,823
1,999	1,490,848	1,469,088	98.54	48,664
1,998	1,456,512	1,435,508	98.56	21,910
1,997	1,424,790	1,336,244	93.79	12,556

Source: Cuyahoga County, Ohio; County Auditor

- (1) Information for Real and Public Utility only.
- (2) State reimbursement of rollback and homestead exemptions are included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Note: The County does not maintain delinquency information by tax year.

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<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes (3)</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$2,155,450	98.50%	\$68,335	3.12%
2,175,053	98.98	57,043	2.60
1,734,127	100.71	71,327	4.14
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

**City of Brooklyn, Ohio**  
*Principal Real Property Taxpayers*  
 2006 and 1997

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Plain Dealer Publishing Company	\$60,158,400	18.29 %
Cleveland Electric Illuminating	26,973,660	8.20
Tiedeman Development LLC	24,680,900	7.51
American Greetings Corporation	22,675,100	6.90
Rdige Park Square LLC	22,400,100	6.81
American Transmission System	18,427,290	5.60
Troy CMBS Property LLC	15,938,500	4.85
Westbrook Apartments	14,144,600	4.30
Terraces at Northridge LTD	12,760,000	3.88
Memphis Property Corporation	11,355,100	3.45
<b>Total</b>	<b>\$229,513,650</b>	<b>69.79 %</b>
<b>Total Assessed Valuation</b>	<b>\$328,843,750</b>	

<i>1997</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Plain Dealer Publishing Company	\$26,230,650	11.15 %
American Greetings Corporation	7,426,980	3.16
Rdige Park Square LLC	7,162,140	3.04
Westbrook Apartments	5,105,100	2.17
Troy CMBS Property LLC	4,621,160	1.96
Deaconess Hospital of Cleveland	2,982,050	1.27
Key Corporation	2,977,170	1.27
Milton Cohen, Trustee	2,613,350	1.11
Wares Delaware Corporation (Wal-Mart)	2,467,260	1.05
Weston	2,384,100	1.01
<b>Total</b>	<b>\$63,969,960</b>	<b>27.19 %</b>
<b>Total Assessed Valuation</b>	<b>\$235,266,210</b>	

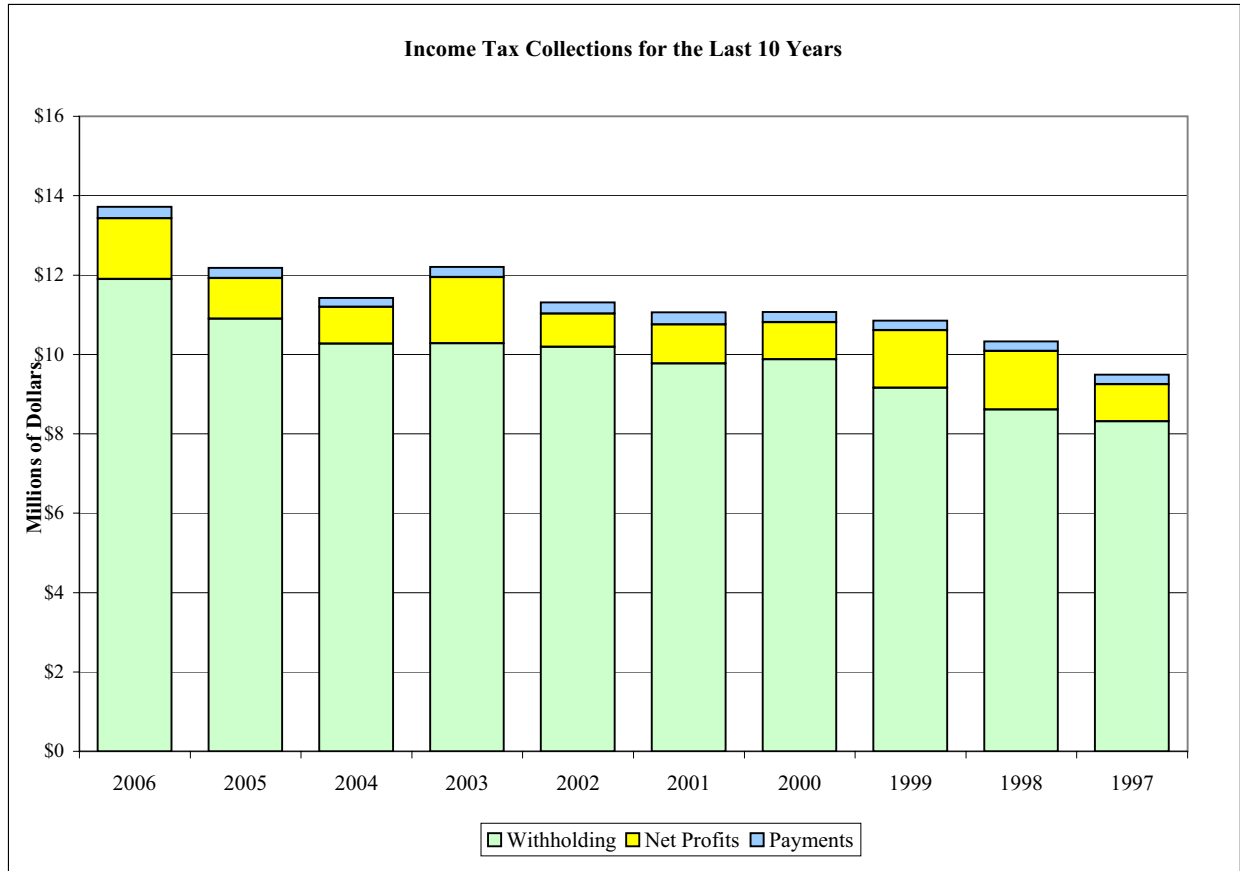
Source: Cuyahoga County Auditor

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based.

**City of Brooklyn, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Ten Years*

Tax Year (1)	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2006	2.00%	\$13,717,932	\$11,896,241	86.72%	\$1,535,556	11.19%	\$286,135	2.09%
2005	2.00	12,177,453	10,900,207	89.51	1,022,100	8.39	255,146	2.10
2004	2.00	11,425,909	10,271,627	89.90	929,723	8.14	224,559	1.97
2003	2.00	12,206,260	10,278,308	84.21	1,669,103	13.67	258,849	2.12
2002	2.00	11,314,835	10,191,039	90.07	841,865	7.44	281,931	2.49
2001	2.00	11,063,875	9,769,003	88.30	989,183	8.94	305,689	2.76
2000	2.00	11,068,800	9,873,255	89.20	937,314	8.47	258,231	2.33
1999	2.00	10,854,233	9,161,740	84.41	1,450,159	13.36	242,334	2.23
1998	2.00	10,325,818	8,609,054	83.37	1,476,900	14.30	239,864	2.32
1997	2.00	9,492,680	8,314,113	87.58	932,516	9.82	246,051	2.59

(1) 2003 through 2006 are on an Accrual Basis and 1997 through 2002 are on a Modified Accrual Basis



**City of Brooklyn, Ohio**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years*

Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Police Pension
2006	\$7,227,806	\$0	\$467,245	\$1,032,018	\$53,235
2005	2,522,806	0	522,215	1,215,926	54,184
2004	2,832,806	0	577,185	587,647	55,094
2003	3,127,806	85,000	632,155	450,256	55,967
2002	3,417,806	160,000	687,125	337,119	56,804
2001	3,687,806	235,000	742,095	0	57,606
2000	3,952,806	305,000	797,065	0	58,375
1999	4,207,806	370,000	852,035	0	59,114
1998	3,945,000	430,000	907,005	0	59,821
1997	4,115,000	490,000	961,975	48,423	60,499

Note: Population and Personal Income data are presented on page S26



Honeywell Loan	Long-Term Notes	Landfill	Total Debt	Percentage of Personal Income	Per Capita
\$311,757	\$1,120,000	\$4,485,925	\$14,697,986	6.00%	\$1,269
477,434	5,800,000	4,359,500	14,952,065	6.11	1,291
634,625	1,910,000	4,244,888	10,842,245	4.43	936
783,764	2,400,000	4,157,578	11,692,526	4.78	1,009
925,263	0	4,092,105	9,676,222	3.95	835
1,059,504	0	5,442,805	11,224,816	4.59	969
1,186,879	0	6,935,497	13,235,622	5.41	1,142
1,307,729	0	6,240,393	13,037,077	N/A	1,114
1,372,456	0	5,920,864	12,635,146	N/A	1,079
0	0	5,677,344	11,353,241	N/A	970

**City of Brooklyn, Ohio**  
*Ratio of General Obligation Bonded Debt to Assessed  
Value and Bonded Debt Per Capita  
Last Ten Years*

Year	Population (1)		Estimated Actual Values of Taxable Property (2)	Bonded Debt
2006	11,586	b	\$1,241,567,982	\$7,513,670
2005	11,586	b	1,188,482,206	2,522,806
2004	11,586	b	1,171,980,173	2,832,806
2003	11,586	b	1,180,582,408	3,127,806
2002	11,586	b	1,138,001,528	3,417,806
2001	11,586	b	1,137,550,828	3,687,806
2000	11,586	b	1,097,286,883	3,952,806
1999	11,706	a	1,042,833,686	4,207,806
1998	11,706	a	1,036,262,663	3,945,000
1997	11,706	a	1,035,829,369	4,115,000

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Cuyahoga County Auditor

Ratio of Bonded Debt to Estimated Actual Values of Taxable Property	Bonded Debt Per Capita
0.61%	\$648.51
0.21	217.75
0.24	244.50
0.26	269.96
0.30	294.99
0.32	318.30
0.36	341.17
0.40	359.46
0.38	337.01
0.40	351.53

**City of Brooklyn, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$399,468,624</u>	<u>\$389,675,321</u>	<u>\$386,486,810</u>	<u>\$387,816,893</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$7,227,806	\$2,522,806	\$2,832,806	\$3,127,806
Special Assessment Bonds	0	0	0	85,000
Bond Anticipation Notes	1,120,000	5,800,000	1,910,000	2,400,000
Honeywell Loan	311,757	477,434	634,625	783,764
OPWC Loans	<u>467,245</u>	<u>522,215</u>	<u>577,185</u>	<u>632,155</u>
Total Gross Indebtedness	9,126,808	9,322,455	5,954,616	7,028,725
Less:				
Special Assessment Bonds	0	0	0	(85,000)
Honeywell Loan	(311,757)	(477,434)	(634,625)	(783,764)
OPWC Loans	(467,245)	(522,215)	(577,185)	(632,155)
General Obligation Bond Retirement Fund Balance	<u>(190,562)</u>	<u>(239,145)</u>	<u>(230,600)</u>	<u>(296,290)</u>
Total Net Debt Applicable to Debt Limit	<u>8,157,244</u>	<u>8,083,661</u>	<u>4,512,206</u>	<u>5,231,516</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>41,944,206</u>	<u>40,915,909</u>	<u>40,581,115</u>	<u>40,720,774</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$33,786,962</u>	<u>\$32,832,248</u>	<u>\$36,068,909</u>	<u>\$35,489,258</u>
Legal Debt Margin as a Percentage of the Debt Limit	80.55%	80.24%	88.88%	87.15%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$21,970,774</u>	<u>\$21,432,143</u>	<u>\$21,256,775</u>	<u>\$21,329,929</u>
Total Gross Indebtedness	9,126,808	9,322,455	5,954,616	7,028,725
Less:				
Special Assessment Bonds	0	0	0	(85,000)
Honeywell Loan	(311,757)	(477,434)	(634,625)	(783,764)
OPWC Loans	(467,245)	(522,215)	(577,185)	(632,155)
General Obligation Bond Retirement Fund Balance	<u>(190,562)</u>	<u>(239,145)</u>	<u>(230,600)</u>	<u>(296,290)</u>
Net Debt Within 5 ½ % Limitations	<u>8,157,244</u>	<u>8,083,661</u>	<u>4,512,206</u>	<u>5,231,516</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$13,813,530</u>	<u>\$13,348,482</u>	<u>\$16,744,569</u>	<u>\$16,098,413</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	62.87%	62.28%	78.77%	75.47%

Source: City Financial Records

2002	2001	2000	1999	1998	1997
<u>\$380,233,074</u>	<u>\$380,464,986</u>	<u>\$375,191,044</u>	<u>\$355,297,858</u>	<u>\$351,018,710</u>	<u>\$349,992,307</u>
\$3,417,806	\$3,687,806	\$3,952,806	\$4,207,806	\$3,945,000	\$4,115,000
160,000	235,000	305,000	370,000	430,000	490,000
0	0	0	0	0	0
925,263	1,059,504	1,186,879	1,307,729	1,372,456	0
687,125	742,095	797,065	852,035	907,005	961,975
<u>5,190,194</u>	<u>5,724,405</u>	<u>6,241,750</u>	<u>6,737,570</u>	<u>6,654,461</u>	<u>5,566,975</u>
(160,000)	(235,000)	(305,000)	(370,000)	(430,000)	(490,000)
(925,263)	(1,059,504)	(1,186,879)	(1,307,729)	(1,372,456)	0
(687,125)	(742,095)	(797,065)	(852,035)	(907,005)	(961,975)
<u>(352,458)</u>	<u>(435,026)</u>	<u>(478,677)</u>	<u>(24,547)</u>	<u>(21,823)</u>	<u>(21,267)</u>
<u>3,065,348</u>	<u>3,252,780</u>	<u>3,474,129</u>	<u>4,183,259</u>	<u>3,923,177</u>	<u>4,093,733</u>
<u>39,924,473</u>	<u>39,948,824</u>	<u>39,395,060</u>	<u>37,306,275</u>	<u>36,856,965</u>	<u>36,749,192</u>
<u>\$36,859,125</u>	<u>\$36,696,044</u>	<u>\$35,920,931</u>	<u>\$33,123,016</u>	<u>\$32,933,788</u>	<u>\$32,655,459</u>
92.32%	91.86%	91.18%	88.79%	89.36%	88.86%
<u>\$20,912,819</u>	<u>\$20,925,574</u>	<u>\$20,635,507</u>	<u>\$19,541,382</u>	<u>\$19,306,029</u>	<u>\$19,249,577</u>
5,190,194	5,724,405	6,241,750	6,737,570	6,654,461	5,566,975
(160,000)	(235,000)	(305,000)	(370,000)	(430,000)	(490,000)
(925,263)	(1,059,504)	(1,186,879)	(1,307,729)	(1,372,456)	0
(687,125)	(742,095)	(797,065)	(852,035)	(907,005)	(961,975)
<u>(352,458)</u>	<u>(435,026)</u>	<u>(478,677)</u>	<u>(24,547)</u>	<u>(21,823)</u>	<u>(21,267)</u>
<u>3,065,348</u>	<u>3,252,780</u>	<u>3,474,129</u>	<u>4,183,259</u>	<u>3,923,177</u>	<u>4,093,733</u>
<u>\$17,847,471</u>	<u>\$17,672,794</u>	<u>\$17,161,378</u>	<u>\$15,358,123</u>	<u>\$15,382,852</u>	<u>\$15,155,844</u>
85.34%	84.46%	83.16%	78.59%	79.68%	78.73%

**City of Brooklyn, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2006*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Brooklyn
<b>Direct - City of Brooklyn</b>			
General Obligation Bonds	\$7,513,670	100.00%	\$7,513,670
OPWC Loans	467,245	100.00%	467,245
Capital Leases	1,032,018	100.00%	1,032,018
Police Pension	53,235	100.00%	53,235
Honeywell Loan	311,757	100.00%	311,757
Long-Term Notes	1,120,000	100.00%	1,120,000
Landfill	4,485,925	100.00%	4,485,925
<i>Total Direct Debt</i>	<u>14,983,850</u>		<u>14,983,850</u>
<b>Overlapping</b>			
Cuyahoga County	214,338,691	1.20%	2,572,064
Greater Cleveland Regional Transit Authority	<u>156,500,000</u>	1.20%	<u>1,878,000</u>
<i>Total Overlapping Debt</i>	<u>370,838,691</u>		<u>4,450,064</u>
<b>Total</b>	<u><u>\$385,822,541</u></u>		<u><u>\$19,433,914</u></u>

Source: Cuyahoga County, Ohio; County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

**City of Brooklyn, Ohio**  
Principal Employers  
Current Year and Nine Years Ago

<b>2006</b>		
Employer	Employees	Percentage of Total City Employment
Keybank National Association	2,243	8.46%
American Greetings Corporation	2,233	8.43
Wal-Mart/Sams Club	859	3.24
Arrow International, Incorporated	694	2.62
K-Mart Corporation	690	2.60
Plain Dealer Publishing Company	573	2.16
Cracker Barrel	453	1.71
City of Brooklyn (1)	403	1.52
Hugo Boss	387	1.46
Best Buy Stores LP	380	1.42
<b>Total</b>	<b>8,915</b>	<b>33.62%</b>
<b>Total Employment within the City</b>	<b>26,500</b>	

<b>1997</b>		
Employer	Employees	Percentage of Total City Employment
American Greetings Corporation	2,951	12.54%
Arrow International, Incorporated	1,398	5.94
K-Mart Corporation	561	2.38
Plain Dealer Publishing Company	406	1.73
Forest City Enterprises	397	1.69
Cenveo	335	1.42
Eaton Corporation	312	1.33
USF Holland, Incorporated	273	1.16
Mr. Gasket, Incorporated	225	0.96
Brooklyn Board of Education	221	0.94
<b>Total</b>	<b>7,079</b>	<b>30.09%</b>
<b>Total City Employees</b>	<b>23,531</b>	

Source: Number of employees obtained from the W2's  
from our Tax Department

(1) Includes seasonal employees

**City of Brooklyn, Ohio**  
*Demographic and Economic Statistics*  
*Last Seven Years*

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<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2006	11,586	\$244,777,422	\$21,127	\$46,696	41.8
2005	11,586	244,777,422	21,127	46,696	41.8
2004	11,586	244,777,422	21,127	46,696	41.8
2003	11,586	244,777,422	21,127	46,696	41.8
2002	11,586	244,777,422	21,127	46,696	41.8
2001	11,586	244,777,422	21,127	46,696	41.8
2000	11,586	244,777,422	21,127	46,696	41.8

(1) Source 2000 U. S. Census

(2) Source: Ohio Department of Education Website: <http://www.ode.state.oh.us>

(3) Cuyahoga County Planning Commission

(4) Source: Cuyahoga County Auditor

(5) Computation of per capita personal income multiplied by population

Information prior to 2000 is not available.



School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
1,452	5.5%	\$125,194	\$399,468,624
1,380	6.2	129,631	389,675,321
1,359	6.6	122,369	386,486,810
1,351	6.2	127,680	387,816,893
1,362	6.6	115,034	380,233,074
1,377	4.6	123,143	380,464,986
1,401	4.5	110,600	375,191,044

**City of Brooklyn, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
Council	7.00	7.00	7.00	7.00	7.00
Mayor	1.00	1.00	1.00	1.00	1.00
Administration	3.00	3.00	3.00	3.00	3.00
Law	1.50	1.50	1.50	1.50	1.50
Finance	3.00	3.00	3.00	3.00	3.00
Tax	3.00	3.00	3.00	3.00	3.00
Public Building	2.00	2.00	2.00	2.00	2.00
Public Service	2.00	2.00	2.00	2.00	2.00
Engineer	1.00	0.00	0.00	0.00	0.00
Civil Service	3.00	3.00	3.00	3.00	3.00
Court	2.00	2.00	2.00	2.00	2.00
Data System	1.00	0.00	0.00	0.00	0.00
<b>Security of Persons and Property</b>					
Police	32.00	32.00	32.00	32.00	32.00
Dispatchers	7.00	7.00	7.00	7.00	7.00
Jailers	1.00	1.00	1.00	1.00	1.00
Fire	29.00	29.00	29.00	29.00	29.00
Fire Secretary	1.00	1.00	1.00	1.00	1.00
Safety Director	1.00	1.00	1.00	1.00	1.00
<b>Leisure Time Activities</b>					
Recreation	5.00	5.00	8.00	8.00	8.00
Pool	3.00	3.00	3.00	3.00	3.00
Senior Service	4.00	4.00	4.00	4.00	4.00
<b>Community Development</b>					
Building	3.00	3.00	3.00	3.00	3.00
<b>Transportation</b>					
Recycling	1.00	1.00	1.00	1.00	1.00
Service	29.00	29.00	31.00	31.00	31.00
Street Maintenance and Repair	4.00	4.00	4.00	4.00	4.00
<b>Totals:</b>	<u>149.50</u>	<u>147.50</u>	<u>152.50</u>	<u>152.50</u>	<u>152.50</u>

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time employee. Seasonal employees are not included.

**(1) Information prior to 2002 is not available.**

**City of Brooklyn, Ohio**  
*Operating Indicators by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
<i><b>Council and Clerk</b></i>					
Number of Ordinances Passed	71	55	73	77	61
Number of Resolutions Passed	19	19	22	20	17
Number of Planning Commission docket items	35	22	20	34	33
Zoning Board of Appeals docket items	36	22	23	34	33
<i><b>Finance Department</b></i>					
Number of checks/ vouchers issued	3,100	3,044	2,967	3,034	3,167
Amount of checks written	\$12,064,205	\$8,473,798	\$8,100,991	\$7,551,707	\$12,784,695
Interest earnings for fiscal year (cash basis)	\$510,298	\$251,240	\$139,729	\$135,353	\$153,207
Number of Receipts issued	1,086	1,072	1,154	1,271	n/a
Agency Ratings - Moody's Financial Services	A1	A2	A2	A2	A2
Health Insurance Costs vs General Fund Expenditures %	9.08%	8.96%	8.28%	7.42%	7.25%
General Fund Receipts (cash basis in thousands)	\$15,112	\$14,128	\$12,856	\$13,519	\$13,235
General Fund Expenditures (cash basis in thousands)	\$14,817	\$14,063	\$14,092	\$13,287	\$12,690
General Fund Cash Balances (in thousands)	\$2,363	\$1,957	\$1,835	\$2,826	\$2,867
<i><b>Income Tax Department</b></i>					
Number of Individual Returns	4,849	4,779	4,743	4,698	4,702
Number of Business Returns	1,816	1,811	1,807	1,786	1,792
Number of business withholding accounts	1,106	1,094	1,111	1,109	1,112
Amount of Refunds Issued	\$124,942	\$231,328	\$207,298	\$196,270	\$539,135
Number of 1099's Issued	461	411	481	516	492
<i><b>Mayor's Court</b></i>					
Number of Felony Citations	153	161	136	206	183
Number of Criminal Citations	616	502	547	612	567
Number of Traffic Citations	3,677	4,044	4,001	4,031	4,744
Number of Juvenile Citations	80	70	55	39	76
Number of Parking Citations	1,994	862	990	1,023	1,070
Total Revenue	\$667,447	\$608,812	\$646,182	\$694,052	\$714,495
<i><b>Civil Service</b></i>					
Number of police entry tests administered	2	0	1	0	1
Number of fire entry tests administered	1	0	1	0	1
Number of police promotional tests administered	0	1	0	1	0
Number of fire promotional tests administered	2	0	0	0	0
Number of civil service examinations	0	2	0	0	0
Number of school tests	5	2	1	0	3
Number of Police Officers hired	1	0	1	2	4
Number of Fire/Medics hired	0	0	0	3	2
Number of promotions in police	1	1	0	1	0

(continued)

**City of Brooklyn, Ohio**  
*Operating Indicators by Function/Program (continued)*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b><i>Building Department Indicators</i></b>					
New Construction Permits Issued	488	556	558	561	544
Estimated Value of Construction	\$13,531,809	\$7,296,831	\$6,491,267	\$9,034,092	\$14,852,158
Number of electrical/plumbing/remodeling permits issued	1,185	1,175	1,124	1,159	1,107
Amount of Revenue generated from permits	\$118,706	\$68,896	\$97,973	\$106,429	\$190,912
Number of contract registrations issued (A)	471	515	488	563	645
Annual Apartment/Rooming House License Fees (B)	\$5,550	\$0	\$0	\$0	\$0
Revenue generated from above (A, B)	\$35,325	\$38,650	\$36,600	\$42,225	\$48,375
<b>Security of Persons and Property</b>					
<b><i>Police</i></b>					
Total Calls for Services	18,228	11,662	12,222	11,859	12,315
Number of traffic citations issued	3,677	4,044	4,001	4,031	4,744
Number of parking citations issued	1,994	862	990	1,023	1,070
Number of criminal arrests	616	502	547	612	567
Number of accident reports completed	584	613	676	602	646
Animal Warden service calls responded to per annual report	638	444	16	8	6
Police Dept. Auxiliary hours worked	1,687	2,070	5,662	4,444	4,073
DUI Arrests	48	66	82	44	29
Prisoners	1,494	1,354	1,141	1,290	1,422
Motor Vehicle Accidents	584	613	676	602	646
Property damage accidents	454	438	532	468	524
Fatalities from Motor Vehicle Accidents	1	0	0	1	0
Community Diversion Program Youths	34	24	24	25	n/a
Community Diversion Program - community service hours	326	260	392	545	n/a
<b><i>Fire</i></b>					
EMS Calls	1,416	1,467	1,474	1,552	1,443
Ambulance Billing Collections (net)	\$118,795	\$133,095	\$141,793	\$163,455	\$157,700
Fire Calls	692	778	741	771	797
Fires with Loss	20	24	20	22	11
Fires with Losses exceeding \$10,000	4	5	5	2	0
Fire Losses \$	\$124,000	\$239,600	\$186,000	\$61,300	\$21,800
Fire Safety Inspections	366	340	333	474	382
Number of times Mutual Aid given to Fire and EMS	4	3	1	2	3
Number of times Mutual Aid received for Fire and EMS	17	6	13	10	4

(continued)

**City of Brooklyn, Ohio**  
*Operating Indicators by Function/Program (continued)*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Skating Rink Receipts	\$447,500	\$425,022	\$454,410	\$408,530	\$460,705
Recreation Swimming pool receipts	122,532	121,913	116,161	125,529	137,618
Senior Center Fees	81,071	80,190	77,036	74,830	72,120
<b>Total Recreation Department receipts</b>	<b>\$651,103</b>	<b>\$627,125</b>	<b>\$647,607</b>	<b>\$608,889</b>	<b>\$670,443</b>
<b>Basic Utility Services</b>					
Refuse disposal per year (in tons) August through July	4,764	4,890	4,864	4,862	4,193
Refuse disposal costs per year August through July	\$17,903	\$15,252	\$13,376	\$12,366	\$11,530
Percentage of waste recycled	15.97%	16.15%	15.15%	15.22%	16.21%
Annual recycling tonnage (excluding leaf and compost items)	761	792	737	740	680
<b>Transportation</b>					
Street Improvements - asphalt overlay (linear feet)	4,000	n/a	n/a	n/a	n/a
Rejuvenating Spray on Streets (Miles)	0.75	n/a	n/a	n/a	n/a
Crackseal Coating Program (Miles)	1.30	n/a	n/a	n/a	n/a
Paint Striping (annual cost)	\$44,761	\$35,800	\$38,250	\$37,050	\$36,185
Sewer and Sanitary calls for service	463	329	286	343	332
Sewer Crew (hours)	356	399	203	221	217
Sewer jet, Vac-all, other services (hours)	82.5	0.0	0.0	0.0	0.0
Number of Trees Planted per year	140	150-160	150-160	150-160	150-160
Tons of snow melting salt purchased (Nov-Mar)	1,826	4,664	2,582	6,161	969
Cost of salt purchased	\$60,199	\$146,678	\$78,617	\$183,276	\$27,568

(1) Information prior to 2002 is not available

**City of Brooklyn, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
City Hall and Police Station (square footage occupied)	38,167	38,167	38,167	38,167	38,167
Historical Museum (square feet)	8,083	8,083	8,083	8,083	8,083
Records Storage - 4476 Ridge Road (square feet)	4,869	4,869	4,869	4,869	4,869
City Service Garage (square feet)	31,280	31,280	31,280	31,280	31,280
City Service Garage - Salt Storage Building (square feet)	3,630	3,630	3,630	3,630	3,630
City Service Garage - Sod Storage (square feet)	525	525	525	525	525
Administrative Vehicles	7	7	7	7	7
Inspection Vehicles	2	2	2	2	2
<b>Police</b>					
Stations	1	1	1	1	1
Vehicles	16	16	16	16	16
Motorcycles	4	4	4	4	4
<b>Fire</b>					
Stations	1	1	1	1	1
Square Footage of Building	24,323	(a)	(a)	(a)	(a)
Vehicles	2	2	2	2	2
Aerial Ladder Truck	1	1	1	1	1
Pumpers	3	3	3	3	3
Ambulances	3	3	3	3	3
<b>Recreation</b>					
Ice Rink and Indoor Pool (Square Footage Occupied)	84,734	84,734	84,734	84,734	84,734
Outdoor Swimming Pool (square feet)	2,494	2,494	2,494	2,494	2,494
Outdoor Wading Pool (square feet)	479	479	479	479	479
Community/Senior Center (square feet)	15,717	15,717	15,717	15,717	15,717
Number of Parks	2	2	2	2	2
Number of Pools	3	3	3	3	3
Number of Ice Rinks	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4
Number of Skateboarding Areas	1	1	1	1	1
Number of Baseball Diamonds	4	4	4	4	4
Number of Common Areas	2	2	2	2	2
Number of Picnic Pavillions	3	3	3	3	3
Number of Playgrounds	3	3	3	3	3
Number of Playgrounds with Learning Center	1	1	1	1	1
Number of Basketball Courts	2	2	2	2	2
Number of Volleyball Courts	1	1	1	1	1
Number of Bocci Ball Courts	2	2	2	2	2
Number of Horseshoe Pits	2	2	2	2	2
Number of Soccer Fields	1	1	1	1	1
Number of Nature Trails	2	2	2	2	2

(a) Prior to 2006, the one fire station is included with City Hall

2001	2000	1999	1998	1997
38,167	38,167	38,167	38,167	38,167
8,083	8,083	8,083	8,083	8,083
4,869	4,869	4,869	4,869	4,869
31,280	31,280	31,280	31,280	31,280
3,630	3,630	3,630	3,630	3,630
525	525	525	525	525
6	5	3	3	3
2	2	2	2	2
1	1	1	1	1
15	15	14	14	14
4	4	4	4	4
1	1	1	1	1
(a)	(a)	(a)	(a)	(a)
2	2	2	2	2
1	1	1	1	1
3	3	3	3	3
3	3	3	3	3
84,734	84,734	84,734	84,734	84,734
2,494	2,494	2,494	2,494	2,494
479	479	479	479	479
15,717	15,717	15,717	15,717	15,717
2	2	2	2	2
3	3	3	3	3
1	1	1	1	1
4	4	4	4	4
1	1	1	1	1
4	4	4	4	4
2	2	2	2	2
3	3	3	3	3
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
2	2	2	2	2

(continued)

**City of Brooklyn, Ohio**  
*Capital Assets Statistics by Function/Program (continued)*  
*Last Ten Years*

Function/Program	2006	2005	2004	2003	2002
<b>Other Public Works</b>					
Streets (miles)	87.1	87.1	87.1	87.1	87.1
Average age of roadways	44	43	42	41	40
Light Trucks	12	12	11	11	10
Service Department Large Vehicles/Trucks	7	7	7	7	7
Garbage Packers	4	4	4	3	3
Bucket Truck	1	1	1	1	1
Street Sweepers	2	1	1	1	1
Bombardiers - Sidewalk Snow Plows	12	12	12	12	12
Heavy Equipment - Landfill	8	8	8	8	7
Recycle Truck	0	0	0	1	1
<b>Wastewater</b>					
Sanitary Sewers (linear feet)	147,917	147,917	147,917	147,917	147,917
Average age of sanitary sewers	44	43	42	41	40
Storm Sewers (miles)	106,342	106,342	106,342	106,342	106,342
Average age of storm sewers	48	47	46	45	44
<b>Water Department</b>					
Water Lines (linear feet)	174,725	174,725	174,725	174,725	174,725
Average age of water lines	48	47	46	45	44



2001	2000	1999	1998	1997
87.1	87.1	87.1	87.1	87.1
39	38	37	36	35
9	8	8	8	8
7	7	7	7	7
3	3	3	3	3
1	1	1	1	1
1	1	0	0	0
12	12	12	12	12
7	7	6	6	6
1	1	1	1	1
147,917	147,917	147,917	147,917	147,917
39	38	37	36	35
106,342	106,342	106,342	106,342	106,342
43	42	41	40	39
174,725	174,725	174,725	174,725	174,725
43	42	41	40	39

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Mary Taylor, CPA  
Auditor of State

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 Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 10, 2007