



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY**

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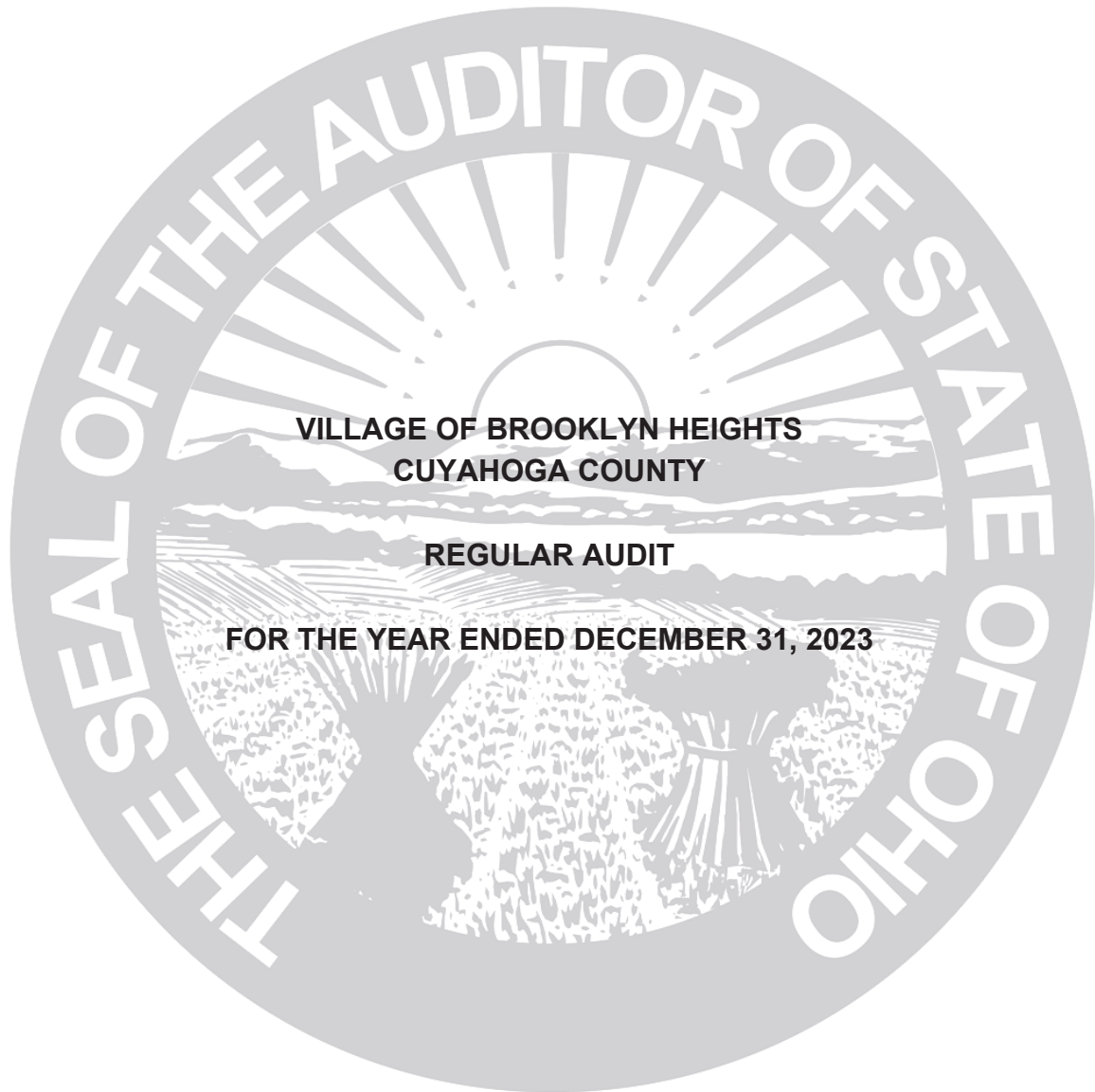
REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

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**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As disclosed in Note 14 to the financial statements, for the year ended December 31, 2023 the Village changed its accounting basis to present financial statements following the accounting basis permitted by the financial reporting provisions of Ohio Revised Code (ORC) Section 117.38 and Ohio Administrative Code (OAC) Section 117-2-03 (C). We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 19, 2025

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Village of Brooklyn Heights
Cuyahoga County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 419,355	\$ 28,071	\$ -	\$ -	\$ 447,426
Municipal Income Tax	8,327,440	-	-	-	8,327,440
Intergovernmental	120,320	882,240	-	923,402	1,925,962
Charges for Services	133,971	-	-	-	133,971
Fines, Licenses and Permits	194,720	9,927	-	-	204,647
Cable Franchise fees	4,710	-	-	-	4,710
Miscellaneous	48,633	22,670	-	1,833,865	1,905,168
<i>Total Cash Receipts</i>	<i>9,249,149</i>	<i>942,908</i>	<i>-</i>	<i>2,757,267</i>	<i>12,949,324</i>
Cash Disbursements					
Current:					
Security of Persons and Property	4,125,447	262,589	-	-	4,388,036
Public Health Services	377,458	-	-	-	377,458
Leisure Time Activities	120,015	-	-	-	120,015
Community Environment	172,605	805	-	-	173,410
Basic Utility Services	130,334	-	-	-	130,334
Transportation	1,001,269	270,001	-	-	1,271,270
General Government	1,793,343	224,025	-	-	2,017,368
Capital Outlay	-	156,074	-	5,171,772	5,327,846
Debt Service:					
Principal Retirement	-	-	-	233,903	233,903
Interest and Fiscal Charges	-	-	-	24,319	24,319
<i>Total Cash Disbursements</i>	<i>7,720,471</i>	<i>913,494</i>	<i>-</i>	<i>5,429,994</i>	<i>14,063,959</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>1,528,678</i>	<i>29,414</i>	<i>-</i>	<i>(2,672,727)</i>	<i>(1,114,635)</i>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	-	530,958	530,958
Transfers In	-	-	-	1,556,918	1,556,918
Transfers Out	(1,397,399)	-	(159,519)	-	(1,556,918)
Other Financing Uses	-	(9,850)	-	-	(9,850)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(1,397,399)</i>	<i>(9,850)</i>	<i>(159,519)</i>	<i>2,087,876</i>	<i>521,108</i>
<i>Net Change in Fund Cash Balances</i>	<i>131,279</i>	<i>19,564</i>	<i>(159,519)</i>	<i>(584,851)</i>	<i>(593,527)</i>
<i>Fund Cash Balances, January 1</i>	<i>3,435,187</i>	<i>854,663</i>	<i>159,519</i>	<i>1,476,404</i>	<i>5,925,773</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 3,566,466</i>	<i>\$ 874,227</i>	<i>\$ -</i>	<i>\$ 891,553</i>	<i>\$ 5,332,246</i>

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

Village of Brooklyn Heights
Cuyahoga County
Statement of Additions, Deductions and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	<u>Custodial</u>
	<u>Mayor's Court</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 174,727
<i>Total Additions</i>	174,727
Deductions	
Distributions to Other Governments	161,529
<i>Total Deductions</i>	161,529
<i>Net Change in Fund Cash Balances</i>	13,198
<i>Fund Cash Balances, January 1</i>	4,848
<i>Fund Cash Balances, December 31</i>	\$ 18,046

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Village Charter dated November 1994. A publicly-elected five-member Council directs the Village. The Village provides general government services, maintenance of Village roads and bridges, park operations, and police and fire service.

Jointly Governed Organizations

The Village is associated with three jointly governed organizations, the Northeast Ohio Public Energy Council, the Southwest Council of Governments and the University Hospitals Parma Medical Center. These organizations are presented in Note 12 to the financial statements.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

The Village had the following significant Special Revenue Funds:

American Rescue Plan Fund The American rescue plan fund accounts for and reports grants received from the government to help alleviate financial pressures caused by the coronavirus pandemic.

HIDTA Fund The HIDTA accounts for and reports intergovernmental monies restricted for the purpose of assisting law enforcement agencies in critical drug trafficking areas.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Debt Service Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to disbursements for principal and interest.

The Village had the following significant Debt Service Fund:

S/A West Resource Drive Fund The S/A West Resource Drive fund accounts for and reports transfers out to the Spring Road Reconstruction fund to finance future capital projects.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Village had the following significant Capital Project Fund:

Capital Improvement Fund The capital improvements fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

Fiduciary Fund Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court fine monies from traffic violations and other Mayor's Court activities.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$3,473 are reflected as intergovernmental revenue in the National Opioid Special Revenue Fund in the accompanying financial statements.

Fund Balance

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

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can commit amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 7,993,917	\$ 9,249,149	\$1,255,232
Special Revenue	1,154,797	942,908	(211,889)
Debt Service	-	-	-
Capital Projects	3,776,395	4,845,143	1,068,748

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity – (continued)

2023 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 9,455,223	\$ 9,117,870	\$ 337,353
Special Revenue	1,163,504	923,344	240,160
Debt Service	159,519	159,519	-
Capital Projects	5,223,993	5,429,994	(206,001)

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand Deposits
\$5,350,292

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$32,737 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes – (continued)

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

Income Taxes

The Village levies a 2.5% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5% must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village tax collection agency, the Regional Income Tax Agency monthly and file an annual declaration.

In 2023, 100% of income tax receipts were allocated to the general fund.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

There were no claims that exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans – (continued)

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Retirement System (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Some of the Village's employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 OPWC Loan - Lancaster Bridge	\$ 4,815	0.00%
2009 OPWC Loan - Schaff Rd. Recon.	31,749	0.00%
2011 OPWC Loan - Lancaster Rd. Recon.	88,775	0.00%
2017 OPWC Loan - Dorset Lancaster Rd.	198,136	0.00%
2023 OPWC Loan - Spring Road Reconstruction	530,958	0.00%
2017 Honeywell Loan	443,452	2.95%
2021 Financed Purchase - Police 3 Tahoes and 1 F-250	20,651	3.49%
2021 Financed Purchase - Ambulance	161,424	2.50%
2022 Financed Purchase - Police 1 Tahoe and 1 F750	42,343	3.49%
Total	<u>\$ 1,522,303</u>	

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

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

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

The 2017 Ohio Public Works Commission (OPWC) loan relates to a project to resurface Lancaster, Dorset and Mural Roads. The OPWC approved \$273,291 in interest-free loans, which will be repaid in semi-annual installments of \$6,832 over twenty years through the Village's Capital Improvements Fund.

The 2023 Ohio Public Works Commission (OPWC) loan relates to a project to reconstruct Spring Road. The OPWC approved \$530,958 in interest-free loans, which will be repaid in semi-annual installments of \$13,274 over twenty years.

The 2017 Honeywell Loan relates to a building infrastructure project in which Honeywell was hired to upgrade and rehabilitate various aging facility infrastructure such as roofs, HVAC systems and components, lighting, etc. Part of the cost is expected to be covered by energy savings. The total amount financed was \$669,794, and it is scheduled to be repaid at an interest rate of 2.95% over fifteen years in accordance with the Village's amortization schedule on file.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt – (Continued)

Financed Purchase

The 2021 Police Department Chevy Tahoe and F-150 financed purchase relates to the financed purchase of 3 Chevrolet Tahoe vehicles, 1 Ford F-150, and equipment to be used by the Village Police Department. The total amount financed was \$235,728 and it is scheduled to be repaid at an interest rate of 3.49% over 3 years in accordance with the Village's amortization schedule on file.

The 2021 Ambulance financed purchase relates to the financed purchase of an ambulance to be used by the Village. The total amount financed was \$243,606 and it is scheduled to be repaid at an interest rate of 2.5% over 7 years in accordance with the Village's amortization schedule on file.

The 2022 Police Department Chevy Tahoe and F-750 relates to the financed purchase of 1 Chevrolet Tahoe vehicle and 1 Ford F-750 to be used by the Village Police Department. The total amount financed was \$122,697 and it is scheduled to be repaid at an interest rate of 3.49% over 3 years in accordance with the Village's amortization schedule on file.

Amortization

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

Year Ending December 31	OPWC Loans	2017 Honeywell Loan	Financed Purchases
2024	\$ 50,222	\$ 56,463	\$ 91,592
2025	50,222	56,463	49,021
2026	50,222	56,463	38,151
2027	50,222	56,463	38,151
2028	50,222	56,463	19,076
2029-2033	234,300	225,851	-
2034-2038	217,594	-	-
2039-2043	151,429	-	-
Total	<u>\$854,433</u>	<u>\$ 508,166</u>	<u>\$235,991</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 11 – Transfers

During 2023, a transfer was made from the General Fund to the Capital Improvements fund to cover future capital improvements. An additional transfer was made from the S/A West Resource Drive fund to the Spring Road Reconstruction Loan fund to cover debt obligations on a new OPWC loan. All transfers were made in accordance with the Ohio Revised Code.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (“NOPEC”), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC during 2023. Financial information can be obtained by contacting, NOPEC, 1615 Clarke Avenue, Cleveland, Ohio 44109.

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each municipality degree of control is limited to its representation on the board. The Village contributed \$28,000 in 2023 to the Southwest Council of Governments.

The Council has established two subsidiary organizations, the Hazardous Material Response Team (“HAZMAT”) which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to municipalities in the form of a Special Weapons and Tactics Team (“SWAT Team”). The Council’s financial statements may be obtained by contacting the Southwest Council of Governments, 16099 Foltz Parkway, Strongsville, Ohio.

University Hospitals Parma Medical Center

The University Hospitals Parma Medical Center is a not-for-profit adult care hospital controlled by a Board of Trustees which is composed of Mayoral appointees from the Municipalities of Brooklyn, North Royalton, Parma, Parma Heights, Seven Hills, and Brooklyn Heights. Each municipality has two representatives on the Board other than Parma, which has six. The operations, maintenance and management of the hospital is the exclusive charge of the University Hospitals Parma Medical Center. The Village’s degree of control is limited to its appointment to the Board of Trustees.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Jointly Governed Organizations – (Continued)

Additions to the hospital have been financed by the issuance of hospital revenue bonds. The bonds are backed solely by the revenues of the hospital. The Municipalities have no responsibility for the payment of bonds, nor is there any ongoing financial interest or responsibility by the Village to the hospital. Financial information can be obtained by contacting the Parma Medical Center at 7007 Powers Blvd, Parma, Ohio.

The Village contributed \$1,722 to the hospital during fiscal year 2023.

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Note 14 – Change in Basis of Accounting and Restatement of Net Position / Fund Equity

In 2022, the Village reported financial statements using the cash basis of accounting. This year the Village has implemented the Auditor of State Regulatory basis of accounting described in Note 2. The financial statements now present each fund in a fund type category. The Village removed the government-wide financial statements, including the Statement of Net Position and Statement of Activities.

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OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village) and have issued our report thereon dated May 19, 2025, wherein we noted the Village changed its accounting basis and also followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

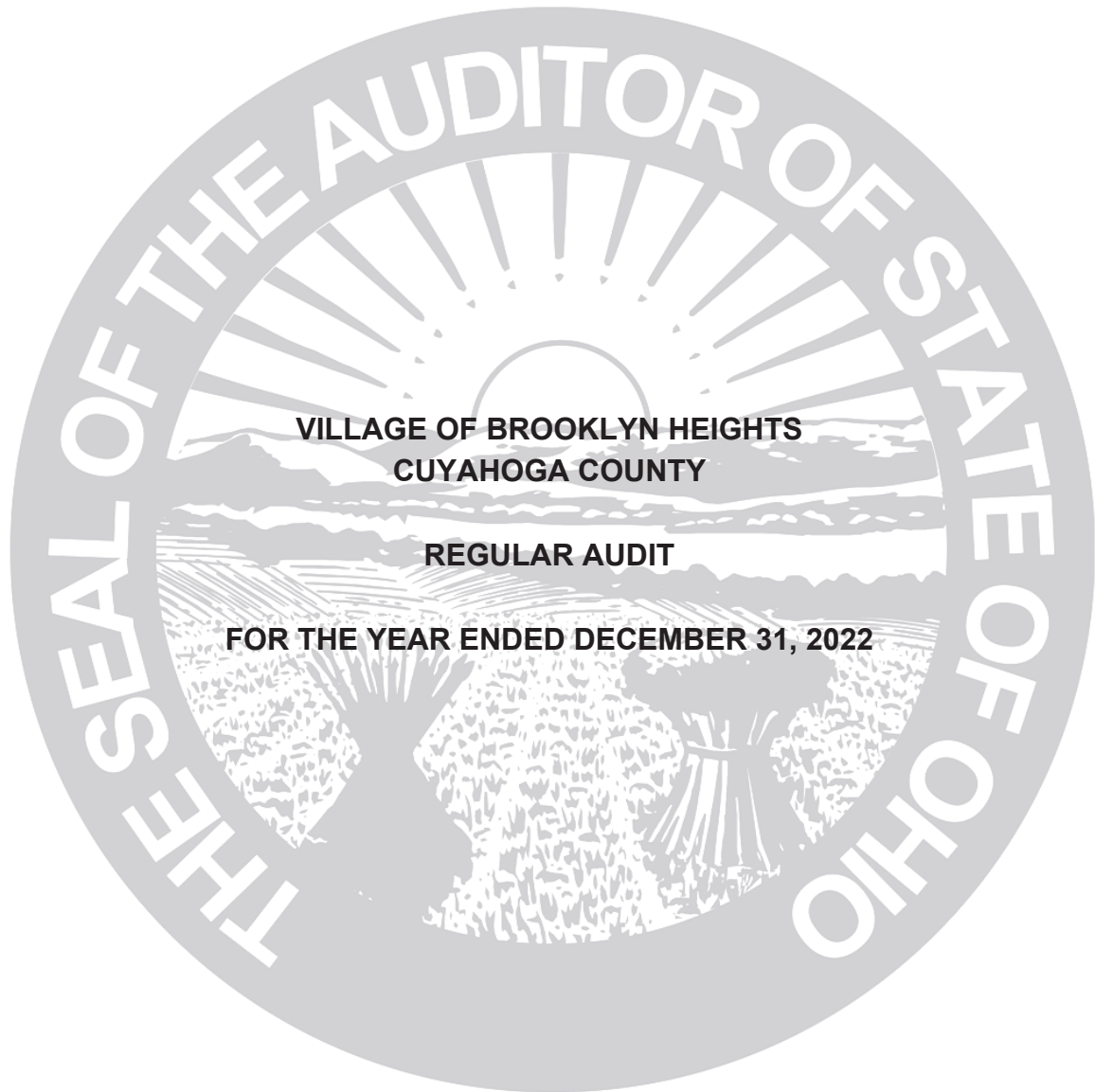
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 19, 2025



**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

**VILLAGE OF BROOKLY HEIGHTS
CUYAHOGA COUNTY
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, Ohio, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 19, 2025

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Village of Brooklyn Heights
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 5,925,773</u>
Total assets	<u>5,925,773</u>
Net Position	
Restricted for:	
Guaranteed deposits	162,237
Other purposes	851,945
Unrestricted	<u>4,911,591</u>
Total net position	<u><u>\$ 5,925,773</u></u>

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	Program Cash Receipts				Net (Disbursements)
	Cash	Charges	Operating	Capital	Receipts and Changes
	Disbursements	for Services	Grants,	Grants and	in Net Position
		and Sales	Contributions	Contributions	Governmental
			and Interest		Activities
Governmental Activities					
Current:					
General government	\$ 1,782,674	\$ 61,716	\$ -	\$ -	\$ (1,720,958)
Security of persons and property	3,928,218	199,145	241,649	-	(3,487,424)
Public health services #	327,610	-	-	-	(327,610)
Leisure time activities	122,206	8,465	-	-	(113,741)
Community environment	153,952	96,643	-	-	(57,309)
Basic utility services	123,032	-	-	-	(123,032)
Transportation	932,108	-	201,829	-	(730,279)
Capital outlay	1,406,916	-	-	1,051,899	(355,017)
Debt service:					
Principal retirement	240,242	-	-	-	(240,242)
Interest and fiscal charges	30,971	-	-	-	(30,971)
Total governmental activities	<u>\$ 9,047,929</u>	<u>\$ 365,969</u>	<u>\$ 443,478</u>	<u>\$ 1,051,899</u>	<u>(7,186,583)</u>
General Receipts					
Municipal income taxes levied for:					
General purposes					7,738,446
Property taxes levied for:					
General purposes					401,243
Security of persons and property					29,112
Grants and entitlements not restricted					
to specific programs					138,810
Cable franchise fees					2,761
Sale of capital assets					55,235
Miscellaneous					68,319
Total general receipts					<u>8,433,926</u>
Change in net position					1,247,343
Net position beginning of year					<u>4,678,430</u>
Net position end of year					<u>\$ 5,925,773</u>

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2022

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 3,435,187	\$ 1,343,568	\$ 1,147,018	\$ 5,925,773
Total assets	3,435,187	\$ 1,343,568	1,147,018	5,925,773
Fund Balances				
Nonspendable	5,289	-	-	5,289
Restricted	-	-	1,014,182	1,014,182
Committed	795,583	-	132,836	928,419
Assigned	10,447	1,343,568	-	1,354,015
	2,623,868	-	-	2,623,868
Total fund balances	\$ 3,435,187	\$ 1,343,568	\$ 1,147,018	\$ 5,925,773

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal income taxes	\$ 7,738,446	\$ -	\$ -	\$ 7,738,446
Property and other local taxes	401,243	-	29,112	430,355
Charges for services	126,605	-	-	126,605
Fines, licenses and permits	224,730	-	15,191	239,921
Intergovernmental	59,778	92,916	515,203	667,897
Cable franchise fees	2,761	-	-	2,761
Miscellaneous	50,216	958,983	24,853	1,034,052
Total receipts	8,603,779	1,051,899	584,359	10,240,037
Disbursements				
Current:				
General government	1,769,510	-	1,364	1,770,874
Security of persons and property	3,653,365	-	274,853	3,928,218
Public health services	327,610	-	-	327,610
Leisure time activities	122,206	-	-	122,206
Community environment	152,868	-	1,084	153,952
Basic utility services	123,032	-	-	123,032
Transportation	802,981	-	129,127	932,108
Capital outlay	-	1,406,916	-	1,406,916
Debt service:				
Principal retirement	-	230,232	10,010	240,242
Interest and fiscal charges	-	30,971	-	30,971
Total disbursements	6,951,572	1,668,119	416,438	9,036,129
Excess of receipts over (under) disbursements	1,652,207	(616,220)	167,921	1,203,908
Other financing sources (uses)				
Sale of capital assets	-	55,235	-	55,235
Transfers in	-	791,840	-	791,840
Transfers out	(791,840)	-	-	(791,840)
Other financing uses	(75)	-	(11,725)	(11,800)
Total other financing sources (uses)	(791,915)	847,075	(11,725)	43,435
Net change in fund balance	860,292	230,855	156,196	1,247,343
Fund balances beginning of year	2,574,895	1,112,713	990,822	4,678,430
Fund balances end of year	\$ 3,435,187	\$ 1,343,568	\$ 1,147,018	\$ 5,925,773

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Municipal income taxes	\$ 7,050,715	\$ 7,707,373	\$ 7,738,446	\$ 31,073
Property and other local taxes	424,240	434,179	401,243	(32,936)
Charges for services	115,353	126,097	126,605	508
Fines, licenses and permits	204,758	223,828	224,730	902
Intergovernmental	54,465	59,538	59,778	240
Cable franchise fees	2,516	2,750	2,761	11
Miscellaneous	45,753	50,014	50,216	202
Total receipts	7,897,800	8,603,779	8,603,779	-
Disbursements				
Current:				
General government	1,773,906	1,795,300	1,577,867	217,433
Security of persons and property	4,107,269	4,156,805	3,653,365	503,440
Public health services	368,313	372,755	327,610	45,145
Leisure time activities	137,389	139,046	122,206	16,840
Community environment	171,861	173,933	152,868	21,065
Basic utility services	150,063	151,873	133,479	18,394
Transportation	902,746	913,633	802,981	110,652
Total disbursements	7,611,547	7,703,345	6,770,376	932,969
Excess of receipts over (under) disbursements	286,253	900,434	1,833,403	932,969
Other financing sources (uses)				
Transfers out	(791,840)	(791,840)	(1,151,840)	(360,000)
Total other financing sources (uses)	(791,840)	(791,840)	(1,151,840)	(360,000)
Net change in fund balance	(505,587)	108,594	681,563	572,969
Fund balance at beginning of year	2,574,895	2,574,895	2,574,895	-
Fund balance at end of year	\$ 2,069,308	\$ 2,683,489	\$ 3,256,458	\$ 572,969

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2022

	<u>Custodial</u>
	<u>Mayor's Court</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,848
<i>Total Assets</i>	<u>\$4,848</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	\$ 4,848
<i>Total Net Position</i>	<u>\$4,848</u>

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial
	Mayor's Court
Additions	
Fines, Licenses and Permits for Distribution	\$ 167,339
<i>Total Additions</i>	167,339
Deductions	
Distributions to Other Governments	179,991
<i>Total Deductions</i>	179,991
<i>Change in Net Position</i>	(12,652)
<i>Net Position Beginning of Year</i>	17,500
<i>Net Position End of Year</i>	\$4,848

See accompanying notes to the financial statements.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Village Charter dated November 1994.

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

Legislative authority is vested in a five-member council with all five members elected at large for a term of four years. Council enacts ordinances and resolutions relating to tax levies; appropriates and borrows money; and accepts bids for materials and services and other municipal purposes.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

Primary Government

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

Jointly Governed Organizations

The Village is associated with three jointly governed organizations, the Northeast Ohio Public Energy Council, the Southwest Council of Governments and the University Hospitals Parma Medical Center. These organizations are presented in Note 13 to the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

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

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

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are all presented as governmental.

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Improvement Fund The capital improvements fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

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

Basis of Accounting

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

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department and object level for all funds.

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

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. No interest receipts were credited to the General Fund during 2022.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

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

Accumulated Leave

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Position

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

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

Fund Balance

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

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

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance or resolution or by State Statute. State Statute authorizes the Clerk/Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Village Council may also assign fund balances as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Multiple funds are combined with the general fund in the financial statements to comply with the requirements of GASB Statement No. 54. The budgetary basis statement presents only the activity of the general fund.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Net Change in Fund Balance	
Budget Basis	\$ 681,563
Adjustment for GASB 54	168,282
Encumbrances	10,447
Cash Basis	<u>\$ 860,292</u>

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,930,290 of the Village's bank balance of \$6,110,580 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Village's financial institution was approved for a reduced collateral rate of 50% through the Ohio Pooled Collateral System.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2022, was \$4.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows (latest information available):

	<u>2022</u>
Real Property	\$97,112,180
Public Utility Tangible	<u>4,794,410</u>
Total	<u>\$101,906,590</u>

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 –Taxes (continued)

Income Taxes

The Village levies a 2.5% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5% must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village tax collection agency, the Regional Income Tax Agency, monthly, and file an annual declaration.

In 2022, 100% of income tax receipts were allocated to the general fund.

Tax Abatements

For purposes of GASB Statement No 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4) See paragraphs 7 and 8 of GASB 77 for specific information related to disclosures of tax abatements.

The Village has a tax abatement incentive grant program to encourage job creation and retention of employment opportunities within Brooklyn Heights. The tax being abated is the municipal income tax on new payroll under the Village Ordinance No. 87-2013 and Article XVIII, Section 3 of Ohio Constitution. In order to be eligible, a company locating or expanding in the Village must create within a three-year period, a minimum payroll of \$2 million. The mechanism for tax abatement requires the submission of an annual job creation report. Upon meeting the grant requirements, the Village will issue a check for the amount of the grant. Each grant agreement will include binding claw back provision requiring repayment of grant monies if the company leaves the Village during the term of the agreement. The company must achieve 75% of the payroll projections for the previous year to receive any benefit.

The Village has a tax abatement agreement with VNA and Cuyahoga Heights School District. The amount of taxes abated during 2022 was \$191,643.

Note 6 –Transfers

During 2022, the following transfers were made:

	<u>Transfers From</u>
<u>Transfer to</u>	<u>General</u>
Capital Improvement	\$ 791,840

The above-mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management

Commercial Insurance

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

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Company	Commercial Property	\$ 14,544,639
	General Liability	2,000,000
	Aggregate Umbrella	10,000,000
	Vehicle	1,000,000
	Employee Benefits	1,000,000
	Public Officials	1,000,000
	Law Enforcement	1,000,000
	Commercial Crime	500,000
	Cyber Liability	1,000,000
	Herb Pesticide	300,000

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

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

The Village's employee health care is provided by Medical Mutual. The Village pays a monthly premium for single, married and family coverage, along with additional HRA charges. Employees contributed 13% of premium costs in 2022, as well as a portion of the HRA costs.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>
*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.	
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.	

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

The Village's contractually required contribution was \$200,098 for the year 2022.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - Village full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (continued)

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
2022 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee:	12.25%	12.25%
2022 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee:	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$41,348 for 2022.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS ACFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Postemployment Benefits (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2022.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Postemployment Benefits (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$1,075 for 2022.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2022 was as follows:

Governmental Activities	Interest Rate	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
OPWC Loans:						
2009 OPWC Lancaster Bridge	0.00%	\$ 6,421	\$ -	\$ (802)	\$ 5,619	\$ 802
2009 OPWC Schaff Rd. Recon.	0.00%	40,819	-	(4,536)	36,283	4,536
2011 OPWC Lancaster Rd. Recon.	0.00%	98,122	-	(4,672)	93,450	4,672
2017 OPWC Dorset Lancaster Rd.	0.00%	225,465	-	(13,665)	211,800	13,664
Total OPWC Loans		370,827	-	(23,675)	347,152	23,674
2017 First Internet Bank/Honeywell	2.95%	527,107	-	(41,215)	485,892	42,240
2020 Police Dept. 2 Chevy Tahoes	4.96%	37,736	-	(24,846)	12,890	12,890
2021 Police 3 Tahoes and 1 F-250	3.49%	179,550	-	(78,069)	101,481	60,359
2021 Ambulance	2.50%	227,575	-	(32,665)	194,910	33,486
2022 1 Tahoe and 1 F750 - Lease	3.49%	-	122,697	(39,772)	82,925	20,075
Total Loans		\$ 1,342,795	\$ 122,697	\$ (240,242)	\$ 1,225,250	\$ 192,724

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

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

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

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

The 2017 Ohio Public Works Commission (OPWC) loan relates to a project to resurface Lancaster, Dorset and Mural Roads. The OPWC approved \$273,291 in interest-free loans, which will be repaid in semi-annual installments of \$6,832 over twenty years through the Village's Capital Improvements Fund.

The 2017 First Internet Bank/Honeywell Loan relates to a building infrastructure project in which Honeywell was hired to upgrade and rehabilitate various aging facility infrastructure such as roofs, HVAC systems and components, lighting, etc. Part of the cost is expected to be covered by energy savings. The total amount financed was \$669,794, and it is scheduled to be repaid at an interest rate of 2.95% over fifteen years in accordance with the Village's amortization schedule on file.

Financed Purchase

The 2020 Police Department Chevy Tahoe financed purchase relates to the financed purchase of two 2020 Chevrolet Tahoe vehicles and equipment to be used by the Village Police Department. The total amount financed was \$72,596 and it is scheduled to be repaid at an interest rate of 4.96% over 3 years in accordance with the Village's amortization schedule on file.

The 2021 Police Department Chevy Tahoe and F-150 financed purchase relates to the financed purchase of 3 Chevrolet Tahoe vehicles, 1 Ford F-150, and equipment to be used by the Village Police Department. The total amount financed was \$235,728 and it is scheduled to be repaid at an interest rate of 3.49% over 3 years in accordance with the Village's amortization schedule on file.

The 2021 Ambulance financed purchase relates to the financed purchase of an ambulance to be used by the Village. The total amount financed was \$243,606 and it is scheduled to be repaid at an interest rate of 2.5% over 7 years in accordance with the Village's amortization schedule on file.

The 2022 Police Department Chevy Tahoe and F-750 relates to the financed purchase of 1 Chevrolet Tahoe vehicle and 1 Ford F-750 to be used by the Village Police Department. The total amount financed was \$122,697 and it is scheduled to be repaid at an interest rate of 3.49% over 3 years in accordance with the Village's amortization schedule on file.

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

Year	OPWC	Honeywell		2020 Police (2 Chevy Tahoes)		2021 Police (3-Chevy Tahoes & 1-F-150)		2021 Ambulance		2022 Police (1 Tahoe and 1 F750)	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 23,675	\$ 42,440	\$ 14,023	\$ 12,890	\$ 240	\$ 60,359	\$ 2,134	\$ 33,486	\$ 4,664	\$ 20,075	\$ 1,665
2024	23,675	43,701	12,762	-	-	41,122	539	34,329	3,822	20,506	1,233
2025	23,675	45,000	11,463	-	-	-	-	35,192	2,959	20,947	793
2026	23,675	46,337	10,126	-	-	-	-	36,078	2,074	21,397	343
2027	23,675	47,714	8,749	-	-	-	-	36,985	1,166	-	-
2028-2032	106,896	260,700	21,614	-	-	-	-	18,840	236	-	-
2033-2037	91,684	-	-	-	-	-	-	-	-	-	-
2038-2042	30,196	-	-	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-	-	-	-
	<u>\$347,151</u>	<u>\$485,892</u>	<u>\$78,737</u>	<u>\$12,890</u>	<u>\$ 240</u>	<u>\$101,481</u>	<u>\$2,673</u>	<u>\$194,910</u>	<u>\$14,921</u>	<u>\$82,925</u>	<u>\$4,034</u>

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2022, were an overall debt margin of \$10,700,192 and an unvoted debt margin of \$5,604,862.

Note 11 – Fund Balances

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

2022 Fund Balances	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable				
Unclaimed Funds	\$ 5,289	\$ -	\$ -	\$ 5,289
<i>Total Nonspendable</i>	5,289	-	-	5,289
Restricted for				
Road Improvements	-	-	389,874	389,874
Police Operations	-	-	132,589	132,589
Court Technology	-	-	13,443	13,443
Debt Service	-	-	159,519	159,519
Other	-	-	318,757	318,757
<i>Total Restricted</i>	-	-	1,014,182	1,014,182
Committed to				
Capital Improvement	-	-	132,836	132,836
Economic Development	734,113	-	-	734,113
Other Purposes	61,470	-	-	61,470
<i>Total Committed</i>	795,583	-	132,836	928,419
Assigned to				
Capital Improvement	-	1,343,568	-	1,343,568
General	10,447	-	-	10,447
<i>Total Assigned</i>	10,447	1,343,568	-	1,354,015
Unassigned (deficits)	2,623,868	-	-	2,623,868
<i>Total Fund Balances</i>	\$ 3,435,187	\$ 1,343,568	\$ 1,147,018	\$ 5,925,773

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 12 –Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 13 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (“NOPEC”), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC during 2022. Financial information can be obtained by contacting, NOPEC, 1615 Clarke Avenue, Cleveland, Ohio 44109.

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each municipality degree of control is limited to its representation on the board. The Village contributed \$22,500 in 2022 to the Southwest Council of Governments.

The Council has established two subsidiary organizations, the Hazardous Material Response Team (“HAZMAT”) which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to municipalities in the form of a Special Weapons and Tactics Team (“SWAT Team”). The Council’s financial statements may be obtained by contacting the Southwest Council of Governments, 16099 Foltz Parkway, Strongsville, Ohio.

University Hospitals Parma Medical Center

The University Hospitals Parma Medical Center is a not-for-profit adult care hospital controlled by a Board of Trustees which is composed of Mayoral appointees from the Municipalities of Brooklyn, North Royalton, Parma, Parma Heights, Seven Hills, and Brooklyn Heights. Each municipality has two representatives on the Board other than Parma, which has six. The operations, maintenance and management of the hospital is the exclusive charge of the University Hospitals Parma Medical Center. The Village’s degree of control is limited to its appointment to the Board of Trustees.

Village of Brooklyn Heights
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 13 – Jointly Governed Organizations (Continued)

Additions to the hospital have been financed by the issuance of hospital revenue bonds. The bonds are backed solely by the revenues of the hospital. The Municipalities have no responsibility for the payment of bonds, nor is there any ongoing financial interest or responsibility by the Village to the hospital. Financial information can be obtained by contacting the Parma Medical Center at 7007 Powers Blvd, Parma, Ohio.

The Village contributed \$3,930 to the hospital during fiscal year 2022.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brooklyn Heights, Cuyahoga County, Ohio (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 19, 2025, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 19, 2025

**VILLAGE OF BROOKLYN HEIGHTS
CUYAHOGA COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	<u>Non-Compliance & Material Weakness:</u> During 2020 the Village recorded a transfer in the amount of \$106,965 from the Special Revenue Retiree Fund to the General Fund that did not follow prescribed statutes. An adjustment was posted to the financial statements and the accounting system to reverse the impact of the unallowable transfer.	Fully Corrected	Finding No Longer Valid

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BROOKLYN HEIGHTS

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/10/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov