

Village of Brooklyn Heights
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	\$ 3,272,749
Total assets	<u>3,272,749</u>
Net Position	
Restricted for:	
Capital projects	659,726
Guaranteed deposits	145,795
Other purposes	599,973
Unrestricted	<u>1,867,255</u>
Total net position	<u>\$ 3,272,749</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, 2020

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General government	\$ 1,620,601	\$ 25,898	\$ -	\$ -	\$ (1,594,703)
Security of persons and property	3,638,832	128,154	400,652	-	(3,110,026)
Public health services	98,776	-	90,482	-	(8,294)
Leisure time activities	106,734	1,220	-	-	(105,514)
Community environment	416,651	88,420	-	-	(328,231)
Basic utility services	116,983	-	-	-	(116,983)
Transportation	922,816	-	205,226	-	(717,590)
Capital outlay	410,827	-	-	330,682	(80,145)
Debt service:					
Principal retirement	57,024	-	-	-	(57,024)
Interest and fiscal charges	19,407	-	-	-	(19,407)
Total governmental activities	\$ 7,408,651	\$ 243,692	\$ 696,360	\$ 330,682	(6,137,917)
General Receipts					
Municipal income taxes levied for:					
General purposes					6,550,818
Property taxes levied for:					
General purposes					331,692
Security of persons and property					24,268
Grants and entitlements not restricted					
to specific programs					47,145
Cable franchise fees					5,128
Miscellaneous					629,313
Total general receipts					7,588,364
Change in net position					1,450,447
Net position beginning of year					1,822,302
Net position end of year					\$ 3,272,749

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, 2020

	<u>General</u>	<u>Capital Improvement OWDA Sewer</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in pooled cash and cash equivalents	\$ 1,867,255	\$ 506,870	\$ 898,624	\$ 3,272,749
Total assets	<u>1,867,255</u>	<u>\$ 506,870</u>	<u>898,624</u>	<u>3,272,749</u>
Fund Balances				
Restricted	-	506,870	898,624	1,405,494
Committed	366,360	-	-	366,360
Unassigned	<u>1,500,895</u>	<u>-</u>	<u>-</u>	<u>1,500,895</u>
Total fund balances	<u>\$ 1,867,255</u>	<u>\$ 506,870</u>	<u>\$ 898,624</u>	<u>\$ 3,272,749</u>

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, 2020

	General	Capital Improvement OWDA Sewer	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal income taxes	\$ 6,550,818	\$ -	\$ -	\$ 6,550,818
Property and other local taxes	331,692	-	24,268	355,960
Charges for services	80,572	-	1,113	81,685
Fines, licenses and permits	155,978	-	4,955	160,933
Intergovernmental	47,145	330,682	696,360	1,074,187
Cable franchise fees	5,128	-	-	5,128
Miscellaneous	625,492	1,724	3,171	630,387
Total receipts	7,796,825	332,406	729,867	8,859,098
Disbursements				
Current:				
General government	1,492,115	-	128,486	1,620,601
Security of persons and property	3,159,670	-	479,162	3,638,832
Public health services	8,409	-	90,367	98,776
Leisure time activities	106,734	-	-	106,734
Community environment	415,599	-	1,052	416,651
Basic utility services	116,983	-	-	116,983
Transportation	783,488	-	139,328	922,816
Capital outlay	-	410,827	-	410,827
Debt service:				
Principal retirement	-	52,019	5,005	57,024
Interest and fiscal charges	-	19,407	-	19,407
Total disbursements	6,082,998	482,253	843,400	7,408,651
Excess of receipts over (under) disbursements	1,713,827	(149,847)	(113,533)	1,450,447
Other financing sources (uses)				
Transfers in	-	590,672	80,000	670,672
Transfers out	(670,672)	-	-	(670,672)
Total other financing sources (uses)	(670,672)	590,672	80,000	-
Net change in fund balance	1,043,155	440,825	(33,533)	1,450,447
Fund balances beginning of year	824,100	66,045	932,157	1,822,302
Fund balances end of year	<u>\$ 1,867,255</u>	<u>\$ 506,870</u>	<u>\$ 898,624</u>	<u>\$ 3,272,749</u>

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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal income taxes	\$ 5,696,978	\$ 6,561,612	\$ 6,550,818	\$ (10,794)
Property and other local taxes	288,459	332,239	331,692	(547)
Charges for services	70,070	80,705	80,572	(133)
Fines, licenses and permits	135,648	156,235	155,978	(257)
Intergovernmental	41,000	47,223	47,145	(78)
Cable franchise fees	4,460	5,136	5,128	(8)
Miscellaneous	543,965	626,523	625,492	(1,031)
Total receipts	6,780,580	7,809,673	7,796,825	(12,848)
Disbursements				
Current:				
General government	1,758,769	1,869,845	1,492,115	377,730
Security of persons and property	3,459,633	3,591,846	3,159,670	432,176
Public health services	9,207	9,559	8,409	1,150
Leisure time activities	116,867	121,333	106,734	14,599
Community environment	455,054	472,444	415,599	56,845
Basic utility services	128,089	132,984	116,983	16,001
Transportation	857,868	890,653	783,488	107,165
Total disbursements	6,785,487	7,088,664	6,082,998	1,005,666
Excess of receipts over (under) disbursements	(4,907)	721,009	1,713,827	992,818
Other financing sources (uses)				
Transfers out	(734,342)	(762,406)	(670,672)	91,734
Total other financing sources (uses)	(734,342)	(762,406)	(670,672)	91,734
Net change in fund balance	(739,249)	(41,397)	1,043,155	1,084,552
Fund balance at beginning of year	636,895	636,895	636,895	-
Prior year encumbrances appropriated	187,205	187,205	187,205	-
Fund balance at end of year	<u>\$ 84,851</u>	<u>\$ 782,703</u>	<u>\$ 1,867,255</u>	<u>\$ 1,084,552</u>

See accompanying notes to the financial statements.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 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.

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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

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 the General and Capital Project Funds; at fund and department level for all other 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, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020.

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, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 Village Auditor 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

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no encumbrances outstanding at year-end.

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;
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;

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

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 a bank failure, the Village's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Village's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At year end, \$500,000 of the bank balance of \$3,322,958 was covered by FDIC; and the remainder was not exposed to custodial credit risk.

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 2020 for real and public utility property taxes represents collections of 2019 taxes.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 5 –Taxes (continued)

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$4.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$ 80,014,674
Public Utility Tangible	<u>3,438,276</u>
Total	\$ <u>83,452,950</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.

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 2020, 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 forgo 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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 5 –Taxes (continued)

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. The amount of taxes abated during 2020 was \$173,639.

Note 6 –Transfers

During 2020, the following transfers were made:

Transfer to	Transfers From
	General
Other Non-major Governmental Funds	\$ 670,672

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.

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:

Company	Type of Coverage	Coverage
Selective Insurance Company	Commercial Property	\$ 12,818,024
	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

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management (continued)

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 2020, 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.

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 CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans (continued)

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

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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Brooklyn Heights, Ohio
 Cuyahoga County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans (continued)

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. 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.

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.

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
 2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

*** 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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans (continued)

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

The Village's contractually required contribution was \$244,428 for the year 2020.

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

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.

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 CAFR 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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans (continued)

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

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %
 2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
 Employee:	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$27,285 for 2020.

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 CAFR referenced below for additional information.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 - Postemployment Benefits (continued)

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.

Funding Policy – 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 2020, 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 2020, 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 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$0 for 2020.

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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. 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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 - Postemployment Benefits (continued)

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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, 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.

The Village's contractually required contribution to OP&F was \$0 for 2020.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

The Village’s long-term debt activity for the year ended December 31, 2020 was as follows:

Governmental Activities	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<i>OPWC Loans:</i>						
2009 OPWC Lancaster Bridge	0.00%	\$ 7,624	\$ -	\$ (401)	\$ 7,223	\$ 803
2009 OPWC Schaff Rd. Recon.	0.00%	47,623	-	(2,268)	45,355	4,536
2011 OPWC Lancaster Rd. Recon.	0.00%	105,130	-	(2,336)	102,794	4,672
2017 OPWC Dorset Lancaster Rd.	0.00%	245,961	-	(6,832)	239,129	13,665
<i>Total OPWC Loans</i>		406,338	-	(11,837)	394,501	23,676
2017 First Internet Bank/Honeywell	2.95%	601,113	-	(33,980)	567,133	33,980
2020 Police Dep't 2 Chevy Tahoes	4.96%	-	72,596	(11,207)	61,389	5,733
Total Loans		\$ 1,007,451	\$ 72,596	\$ (57,024)	\$ 1,023,023	\$ 63,389

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 bi-annual installments of \$401 over twenty years through the Village’s Lancaster Bridge Construction Fund. This loan was understated by \$400 in the prior year.

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 bi-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 bi-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 bi-annual installments of \$6,832 over twenty years through the Village’s Capital Improvements Fund. At December 31, 2017, OPWC disbursed the balance of \$86,221 to the Village. Payment on the loan will commence in 2018.

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.

The 2020 Police Department Chevy Tahoe Lease relates to the purchase of a 2020 Chevrolet Tahoe vehicle 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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

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

Year	OPWC	First Internet Bank/Honeywell		2020 Police Department Chevy Tahoe	
	Principal	Principal	Interest	Principal	Interest
2021	23,675	40,025	16,437	23,652	2,608
2022	23,675	41,215	15,248	24,846	1,414
2023	23,675	42,440	14,023	12,890	240
2024	23,675	43,701	12,762	-	-
2025	23,675	45,000	11,463	-	-
2026-2030	117,572	245,870	36,444	-	-
2031-2035	91,684	108,881	4,044	-	-
2036-2040	57,523	-	-	-	-
2041-2045	9,345	-	-	-	-
Totals	<u>\$ 394,499</u>	<u>\$ 567,132</u>	<u>\$ 110,421</u>	<u>\$ 61,388</u>	<u>\$ 4,262</u>

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, 2020, were an overall debt margin of \$8,762,560 and an unvoted debt margin of \$4,589,912.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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:

2020 Fund Balances	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Restricted for				
Road Improvements	\$ -	\$ -	\$ 235,106	\$ 235,106
Police Operations	-	-	101,908	101,908
Capital Improvement	-	506,870	152,856	659,726
Court Technology	-	-	125	125
Debt Service	-	-	159,519	159,519
Other	-	-	249,110	249,110
<i>Total Restricted</i>	-	506,870	898,624	1,405,494
Committed to				
Economic Development	366,360	-	-	366,360
<i>Total Committed</i>	366,360	-	-	366,360
Unassigned (deficits)	1,500,895	-	-	1,500,895
Total Fund Balances	\$ 1,867,255	\$ 506,870	\$ 898,624	\$ 3,272,749

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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 13 – Jointly Governed Organizations (continued)

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 2019. 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 \$20,000 in 2020 to the Southwest Council of Governments.

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

University Hospitals Parma Medical Center

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

Additions to the hospital have been financed by the issuance of hospital revenue bonds. The bonds are backed solely by the revenues of the hospital. The Municipalities have no responsibility for the payment of bonds, nor is there any ongoing financial interest or responsibility by the Village to the hospital.

The Village contributed \$1,516 to the hospital during fiscal year 2020.

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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Brooklyn Heights, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 15 – Prior Period Adjustment

The beginning balance of the General and Special Revenue Fund was restated by \$100,000 due to reclassification of the Economic Development Fund from Special Revenue to General Fund.