

**Auditor of State  
Betty Montgomery**



**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Mayfield  
Cuyahoga County  
6622 Wilson Mills Road  
Mayfield, Ohio 44143

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General and Sanitary Sewer Relief funds for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Village's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

August 23, 2005

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited**

This discussion and analysis of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2004, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2004 are as follows:

- Net assets of governmental activities increased \$15,570 or .43 percent, from the prior year. The S.O.M. Center Road Widening Project Fund had a deficit which was attributable to the timing difference between the actual expenditure and when the reimbursement from the State of Ohio was received. \$1.3 million was received in January 2005. In 2004, three funds had significant increases. The General Fund net assets increased by 41.82% and went from comprising less than 40% of total net assets to accounting for more than 50% of total net assets. Net Assets in the Sanitary Sewer Relief Fund increased by 16.42% and comprise nearly 20% of the total of net assets for governmental funds. The Upper 40 Stormwater Fund net assets increased by 70.38% and accounts for slightly more than 10% of total net assets.
- In 2004, the Village made significant expenditures for the S.O.M. Center Road Widening Project. Substantial completion of the road is anticipated in 2005. The Village was able to refinance approximately \$1.4 million of the State Infrastructure Bank Loan during 2004 and drew down \$522,658 of an additional \$2.6 million loan. The rate for the first S.I.B. loan was 5% with a .25% administrative fee collected semiannually along with interest. The new \$3,990,000 loan carries a 3% interest rate with an up-front \$10,000 administrative fee. The Mayor and Finance Director were able to negotiate interest free terms for the first year.
- The Village received approval from the Ohio Public Works Commission for an additional \$200,000 in interest free loans and \$100,000 outright grants for the S.O.M. Center Road Project.
- In addition to S.O.M. Center Road, the Village expended significant dollars for the construction of Phase I and Phase II of the Upper 40 Project—Upper 40 Phase I and the Foster's Run Riparian Restoration. Combined, these projects have cost more than \$2.1 million, with \$296,032 being expended in 2004. The Village has been able to leverage Clean Ohio grant funds for this project.
- The Village began renovation of the Mayfield Methodist Church which it purchased in 1998 for \$2 million. The Church will house the Administrative Offices, the Building and Recreation Department and the Finance Department. Discussions with the Fairmount Center for the Performing Arts are underway to see if a mutually advantageous arrangement can be reached for housing the Center's functions at the Civic Center.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.



**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The statement of net assets and the statement of activities reflect how the Village did financially during 2004, within the limitations of modified cash basis accounting.

In the statement of net assets and the statement of activities, we express the Village's activities as the following:

Governmental activities. The Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, General Bond Retirement, Sanitary Sewer Relief Fund, Upper 40 Stormwater, and S.O.M. Center Road Widening Project funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**VILLAGE OF MAYFIELD  
 CUYAHOGA COUNTY  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2004  
 Unaudited  
 (Continued)**

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2004. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>
	2004
<b>Assets</b>	
Cash and Cash Equivalents	\$1,553,423
Investments	2,058,213
Total Assets	\$3,611,636
 <b>Net Assets</b>	
Restricted for:	
Debt Service	\$800,797
Other Purposes	1,206,875
Unrestricted	1,603,964
Total Net Assets	\$3,611,636

As mentioned previously, net assets of governmental activities increased \$15,570 or .43 percent during 2004. The primary reasons contributing to the increase in cash balances were due to an increase in income and inheritance taxes receipts. These increases were offset by the deficit in the S.O.M. Center Road Widening Project Fund.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

Table 2 reflects the changes in net assets in 2004. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)  
**Changes in Net Assets**

	<u>Governmental Activities 2004</u>
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$759,262
Operating Grants and Special Assessments	100,981
Capital Grants and Special Assessments	4,185,517
Total Program Receipts	<u>5,045,760</u>
General Receipts:	
Property and Other Local Taxes	1,372,290
Income Taxes	9,048,761
Grants and Entitlements Not Restricted to Specific Programs	1,231,161
Proceeds of Notes	4,500,000
Premium of Debt Issue	50,265
Proceeds from OPWC Loans	189,124
Proceeds from S.I.B. Loans	522,658
Sale of Capital Assets	37,827
Interest	47,610
Miscellaneous	263,176
Total General Receipts	<u>17,262,872</u>
Total Receipts	<u>22,308,632</u>
Disbursements:	
General Government	2,530,654
Security of Persons and Property:	4,292,349
Public Health Services	18,749
Leisure Time Activities	1,295,076
Community Environment	384,012
Basic Utilities	449,440
Transportation	7,601,372
Principal Retirement	5,248,938
Interest and Fiscal Charges	472,472
Total Disbursements	<u>22,293,062</u>
Increase (Decrease) in Net Assets	15,570
Net Assets, January 1, 2004	<u>3,596,066</u>
Net Assets, December 31, 2004	<u><u>\$3,611,636</u></u>

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

Program receipts represent 22.62 percent of total receipts in 2004 and consist primarily of capital grants.

General receipts represent 77.38 percent of the Village's total receipts, and of this amount, over 60 percent are income, property and other taxes. State and federal grants and entitlements and debt issued make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of the Mayor's Office, Council, the Finance and Economic Development Office, the Law Department and other departments.

Security of Persons and Property are the costs of police, fire protection and emergency medical services. Public Health Services consist of payments to the Dog Warden, payments to the Cuyahoga County Board of Health and the Flu Shot program. Leisure Time Activities is the maintenance of the parks and playing fields. Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 14, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities were for Transportation and Principal Retirement, which account for 34.10 and 23.55 percent of cash disbursements for governmental activities, respectively. Security of Persons and Property represents 19.25 percent of cash disbursements for governmental activities. The next three columns of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

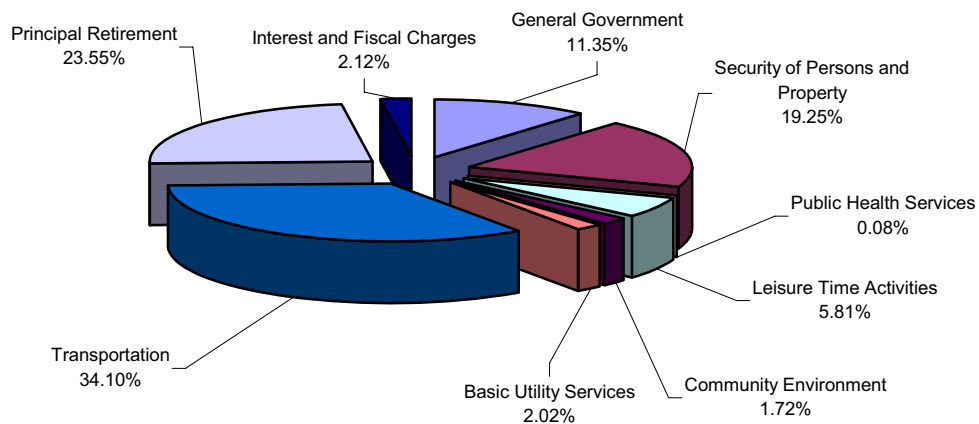
	Total Cost Of Services 2004	Percent of Total Cost	Net Cost of Services 2004	Percent of Total Net Cost
General Government	\$2,530,654	11.35%	(\$2,094,139)	12.14%
Security of Persons and Property	4,292,349	19.25%	(3,986,087)	23.11%
Public Health Services	18,749	0.08%	(3,601)	0.02%
Leisure Time Activities	1,295,076	5.81%	(1,291,076)	7.49%
Community Environment	384,012	1.72%	(347,435)	2.01%
Basic Utilities	449,440	2.02%	(3,616)	0.02%
Transportation	7,601,372	34.10%	(3,917,350)	22.71%
Principal Retirement	5,248,938	23.55%	(5,131,526)	29.76%
Interest and Fiscal Charges	472,472	2.12%	(472,472)	2.74%
<b>Total Expenses</b>	<b>\$22,293,062</b>	<b>100.00%</b>	<b>(\$17,247,302)</b>	<b>100.00%</b>

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

The dependence upon property and income tax receipts is apparent as over 77 percent of governmental activities are supported through these general receipts.

A breakdown of the Village's expenditures by program type is presented in the chart below.

**Governmental Activities  
Expenditures By Program Type**



**The Village's Funds**

Total governmental funds had receipts of \$23,658,632 and disbursements of \$23,643,062. The greatest change within governmental funds occurred within the S.O.M. Center Road Fund where the deficit increased by \$1,039,693. As discussed earlier, this deficit is the result of the period of time between the time the expenditure occurred and the time the Village received its reimbursement. The fund balance of the General Fund increased \$571,022 or 41.82% as the result of increased collections of municipal income taxes during 2004.

General Fund receipts were more than disbursements by \$571,022 indicating that the General Fund accumulating a cash reserve. As in the past, the reserve would have been higher but the Village Administration with the approval of the Council elected to transfer significant amounts of cash from the General Fund to Capital Improvement Projects in effort to either decrease the need for present and future borrowing or to leverage outside dollars in the form of matching grants and/or low interest loans.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to higher than budgeted growth in tax receipts. This is not to say that the higher levels of some taxes—such as income taxes—were unexpected. The Village estimates future municipal income taxes in a very conservative manner in anticipation of possible unforeseen circumstances that may cause a drop in the expected level of income taxes. However, other taxes such as the inheritance tax, are very difficult to forecast. In 2004, actual receipts were \$279,595 more than the final budgeted receipts. Actual budgetary disbursements were \$225,925 less than the final budgeted disbursements.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village maintains capital asset listings of its land, buildings, and vehicles. Other capital assets are not maintained on detailed capital asset listing. These records are not required to be presented in the financial statements.

**Debt**

At December 31, 2004, the Village's had outstanding debt in the amount of \$10,830,011.

The Village's debt at December 31, 2004 included \$2,125,000 in general obligation bonds issued for construction of the Fire Station.

In addition, the Village has \$4,500,000 million in Bond Anticipation Notes which are used to finance the purchase of Parkview Golf Course, the construction of the wetlands preserve, the financing of the purchase of the Zako property and the construction of the Parkview Ballfields.

Also included in the Villages debt at December 31, 2004 is \$213,625 in Ohio EPA Supplement loans which relate to the Worton Park Sanitary Sewer System Project. The Village also has an Ohio Public Works Commission (OPWC)/Issue II interest free loans with the remaining principal amount of \$187,081 which relates to the Worton Park Sanitary Sewer System Project. The debt service on the loans related to the Worton Park Sanitary Sewer System Project is offset by the \$35,000 annual special assessments collected from the residents of Worton Park.

In addition to more than \$9,400,000 million in grants, the S.O.M. Center Road Widening Project is financed through an OPWC/Issue II interest free loan. The total loan amount will be \$902,368. At December 31, 2004, the Village had received \$313,633 of the loan. In addition to the OPWC loan, the Village has two State Infrastructure Bank (S.I.B.) Loans from the Ohio Department of Transportation. The first S.I.B. loan is being repaid over a seventeen year period with a 4% interest rate. As of December 31, 2004, the outstanding balance of the first S.I.B. loan was \$2,968,014. The second S.I.B. loan will be repaid over nine years with a 3% interest rate. The loan includes a one-time upfront administrative fee of \$10,000. Including the administrative fee of \$10,000, the outstanding balance of the second S.I.B. loan as of December 31, 2004 was \$522,658. The debt service payments for both S.I.B. loans are offset by \$80,000 annual special assessments paid by Progressive Insurance Company and annual Tax Incremental Financing Payments in Lieu of Taxes (TIF PILOT's) of approximately \$650,000 per year.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited  
(Continued)**

For further information regarding the Village's debt, refer to Note 7 to the basic financial statements.

**Current Issues**

The challenge for the Village has been to balance development while maintaining the distinct characteristics that distinguish the Village. Village revenues continue to improve while tax rates attributable to the Village gradually decrease. Rather than increase operational expenses, the Village has elected to reinvest revenues into physical and economic infrastructures. The Village is preparing to launch the next phase of this development. As the S.O.M. Center Road Widening Project nears completion, the Village will begin to negotiate with businesses and developers interested in developing in the Northwest Quadrant and reinvest and redevelop Beta Drive. These plans will require substantial investments by the Village. Additionally, the Village is looking to transform the former Mayfield Methodist Church into a Civic Center that will serve governmental functions as well as house a performing arts center.

**Contacting Mayfield Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Philip M. Brett, CPA, Director of Finance and Economic Development, Mayfield Village, 6622 Wilson Mills Road, Mayfield Village, Ohio 44143, Work Phone: (440) 461-2213; Mobile Phone: (216) 970-8202; e-mail: [pbrett@ix.netcom.com](mailto:pbrett@ix.netcom.com); website: [www.MayfieldVillage.com](http://www.MayfieldVillage.com).

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**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2004*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,553,423
Investments	2,058,213
<i>Total Assets</i>	<i>\$3,611,636</i>
 <b>Net Assets</b>	
Restricted for:	
Debt Service	\$800,797
Other Purposes	1,206,875
Unrestricted	1,603,964
<i>Total Net Assets</i>	<i>\$3,611,636</i>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2004*

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Special Assessments	Receipts and Changes in Net Assets
					Total Governmental Activities
<b>Governmental Activities</b>					
General Government	\$2,530,654	\$436,515	\$0	\$0	(\$2,094,139)
Security of Persons and Property	4,292,349	205,281	100,981	0	(3,986,087)
Public Health Services	18,749	15,148	0	0	(3,601)
Leisure Time Activities	1,295,076	4,000	0	0	(1,291,076)
Community Environment	384,012	36,577	0	0	(347,435)
Basic Utility Services	449,440	0	0	445,824	(3,616)
Transportation	7,601,372	61,741	0	3,622,281	(3,917,350)
Principal Retirement	5,248,938	0	0	117,412	(5,131,526)
Interest and Fiscal Charges	472,472	0	0	0	(472,472)
<i>Total Governmental Activities</i>	<u>\$22,293,062</u>	<u>\$759,262</u>	<u>\$100,981</u>	<u>\$4,185,517</u>	<u>(17,247,302)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
					415,674
					956,616
					9,048,761
Grants and Entitlements					
					1,231,161
					189,124
					522,658
					4,500,000
					50,265
					37,827
					47,610
					263,176
					<u>17,262,872</u>
					15,570
					<u>3,596,066</u>
					<u>\$3,611,636</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

	General	Sanitary Sewer Relief	General Bond Retirement	Upper 40 Stormwater	S.O.M. Center Road Widening Project	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$833,105	\$305,039	\$344,531	\$156,012	(\$485,120)	\$399,856	\$1,553,423
Investments	1,103,290	403,966	456,266	206,608	(642,450)	530,533	2,058,213
<i>Total Assets</i>	<u>\$1,936,395</u>	<u>\$709,005</u>	<u>\$800,797</u>	<u>\$362,620</u>	<u>(\$1,127,570)</u>	<u>\$930,389</u>	<u>\$3,611,636</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$1,393,579	\$0	\$86,776	\$280,202	\$157,134	\$300,218	\$2,217,909
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	542,816	0	0	0	0	0	542,816
Special Revenue Funds	0	709,005	0	0	0	355,370	1,064,375
Debt Service Fund	0	0	714,021	0	0	0	714,021
Capital Projects Funds	0	0	0	82,418	(1,284,704)	274,801	(927,485)
<i>Total Fund Balances</i>	<u>\$1,936,395</u>	<u>\$709,005</u>	<u>\$800,797</u>	<u>\$362,620</u>	<u>(\$1,127,570)</u>	<u>\$930,389</u>	<u>\$3,611,636</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2004*

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<b>Total Governmental Fund Balances</b>	<u>\$3,611,636</u>
<i>Net Assets of Governmental Activities</i>	<u>\$3,611,636</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2004*

	General	Sanitary Sewer Relief	General Bond Retirement	Upper 40 Stormwater	S.O.M. Center Road Widening Project	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$9,048,761	\$0	\$0	\$0	\$0	\$0	\$9,048,761
Property and Other Local Taxes	246,533	0	956,616	0	0	169,141	1,372,290
Special Assessments	0	0	117,412	0	0	82,261	199,673
Charges for Services	423,453	0	0	0	0	83,717	507,170
Fines, Licenses and Permits	250,376	0	0	0	0	837	251,213
Intergovernmental	1,085,517	0	23,165	445,824	3,622,281	141,199	5,317,986
Interest	46,791	0	0	0	0	819	47,610
Miscellaneous	228,364	0	0	0	0	20,362	248,726
<i>Total Receipts</i>	<u>11,329,795</u>	<u>0</u>	<u>1,097,193</u>	<u>445,824</u>	<u>3,622,281</u>	<u>498,336</u>	<u>16,993,429</u>
<b>Disbursements</b>							
Current:							
General Government	1,887,503	0	8,930	0	0	22,173	1,918,606
Security of Persons and Property	3,881,507	0	0	0	0	252,048	4,133,555
Public Health Services	11,513	0	0	0	0	5,374	16,887
Leisure Time Activities	750,018	0	0	0	0	2,000	752,018
Community Environment	381,876	0	0	0	0	0	381,876
Basic Utility Services	150,548	0	0	0	0	0	150,548
Transportation	1,492,508	0	0	0	0	79,345	1,571,853
Capital Outlay	882,701	0	0	296,032	5,863,756	579,075	7,621,564
Debt Service:							
Principal Retirement	0	0	5,248,938	0	0	0	5,248,938
Interest and Fiscal Charges	0	0	462,472	0	10,000	0	472,472
<i>Total Disbursements</i>	<u>9,438,174</u>	<u>0</u>	<u>5,720,340</u>	<u>296,032</u>	<u>5,873,756</u>	<u>940,015</u>	<u>22,268,317</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,891,621</u>	<u>0</u>	<u>(4,623,147)</u>	<u>149,792</u>	<u>(2,251,475)</u>	<u>(441,679)</u>	<u>(5,274,888)</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds from Notes	0	0	4,500,000	0	0	0	4,500,000
Proceeds from OPWC Loans	0	0	0	0	189,124	0	189,124
Proceeds from S.I.B. Loans	0	0	0	0	522,658	0	522,658
Premium on Debt Issue	0	0	50,265	0	0	0	50,265
Sale of Capital Assets	37,827	0	0	0	0	0	37,827
Transfers In	0	100,000	0	0	500,000	750,000	1,350,000
Transfers Out	(1,350,000)	0	0	0	0	0	(1,350,000)
Other Financing Sources	0	0	0	0	0	15,329	15,329
Other Financing Uses	(8,426)	0	0	0	0	(16,319)	(24,745)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,320,599)</u>	<u>100,000</u>	<u>4,550,265</u>	<u>0</u>	<u>1,211,782</u>	<u>749,010</u>	<u>5,290,458</u>
<i>Net Change in Fund Balances</i>	<u>571,022</u>	<u>100,000</u>	<u>(72,882)</u>	<u>149,792</u>	<u>(1,039,693)</u>	<u>307,331</u>	<u>15,570</u>
<i>Fund Balances Beginning of Year</i>	<u>1,365,373</u>	<u>609,005</u>	<u>873,679</u>	<u>212,828</u>	<u>(87,877)</u>	<u>623,058</u>	<u>3,596,066</u>
<i>Fund Balances End of Year</i>	<u>\$1,936,395</u>	<u>\$709,005</u>	<u>\$800,797</u>	<u>\$362,620</u>	<u>(\$1,127,570)</u>	<u>\$930,389</u>	<u>\$3,611,636</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2004*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>\$15,570</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$15,570</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$8,055,694	\$9,555,694	\$9,048,761	(\$506,933)
Property and Other Local Taxes	\$243,703	\$251,287	\$246,533	(\$4,754)
Charges for Services	349,075	349,075	423,453	74,378
Fines, Licenses and Permits	170,870	170,870	250,376	79,506
Intergovernmental	236,055	236,626	1,085,517	848,891
Interest	50,000	50,000	46,791	(3,209)
Miscellaneous	194,475	194,475	228,364	33,889
<i>Total receipts</i>	<u>9,299,872</u>	<u>10,808,027</u>	<u>11,329,795</u>	<u>521,768</u>
<b>Disbursements</b>				
Current:				
General Government	2,102,809	2,281,163	2,264,869	16,294
Security of Persons and Property	4,678,827	5,264,606	4,370,655	893,951
Public Health Services	15,227	16,621	11,513	5,108
Leisure Time Activities	997,065	1,145,904	799,738	346,166
Community Environment	327,683	352,284	417,272	(64,988)
Basic Utility Services	208,304	223,943	204,363	19,580
Transportation	1,472,806	1,720,978	1,710,900	10,078
Capital Outlay	683,383	900,985	1,052,443	(151,458)
<i>Total Disbursements</i>	<u>10,486,104</u>	<u>11,906,484</u>	<u>10,831,753</u>	<u>1,074,731</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,186,232)</u>	<u>(1,098,457)</u>	<u>498,042</u>	<u>1,596,499</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	50,000	50,000	37,827	(12,173)
Transfers In	230,000	230,000	0	(230,000)
Transfers Out	(420,000)	(500,000)	(1,350,000)	(850,000)
Other Financing Uses	(10,000)	(9,620)	(8,426)	1,194
<i>Total Other Financing Sources (Uses)</i>	<u>(150,000)</u>	<u>(229,620)</u>	<u>(1,320,599)</u>	<u>(1,090,979)</u>
<i>Net Change in Fund Balance</i>	(1,336,232)	(1,328,077)	(822,557)	505,520
<i>Fund Balance Beginning of Year</i>	<u>1,365,373</u>	<u>1,365,373</u>	<u>1,365,373</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$29,141</u></u>	<u><u>\$37,296</u></u>	<u><u>\$542,816</u></u>	<u><u>\$505,520</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Sanitary Sewer Relief Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
<i>Total receipts</i>	0	0	0	0
<b>Disbursements</b>				
Current:				
Basic Utility Services	800,000	800,000	0	800,000
<i>Total Disbursements</i>	800,000	800,000	0	800,000
<i>Excess of Receipts Over (Under) Disbursements</i>	(800,000)	(800,000)	0	800,000
<b>Other Financing Sources</b>				
Transfers In	200,000	200,000	100,000	(100,000)
<i>Total Other Financing Sources</i>	200,000	200,000	100,000	(100,000)
<i>Net Change in Fund Balance</i>	(600,000)	(600,000)	100,000	700,000
<i>Fund Balance Beginning of Year</i>	609,005	609,005	609,005	0
<i>Fund Balance End of Year</i>	<u>\$9,005</u>	<u>\$9,005</u>	<u>\$709,005</u>	<u>\$700,000</u>

See accompanying notes to the basic financial statements



**VILLAGE OF MAYFIELD**  
**CUYAHOGA COUNTY**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2004*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$264,593
Investments	<u>350,406</u>
<i>Total Assets</i>	<u><u>\$614,999</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$614,999</u></u>

See accompanying notes to the basic financial statements

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**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1. DESCRIPTION OF THE ENTITY**

The Village of Mayfield, Cuyahoga County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council and Mayor. The Village provides general government services, maintenance of roads, rubbish collection, sanitary sewer/storm sewer facilities, building, zoning, and fire and police protection.

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**

**A. Basis of Accounting**

These financial statements follow a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Village's funds are classified as either governmental or fiduciary.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Village's major governmental funds:

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

**Sanitary Sewer Relief Fund** – This fund received transfers from the general fund for future sanitary sewer repairs.

**General Bond Retirement Fund** – This fund receives property taxes and the note proceeds for the retirement of the Village bonds and notes.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

**Upper 40 Stormwater Fund** – This fund receives grant monies for the construction of storm sewers in the Village.

**S.O.M. Center Road Widening Project** – This fund receives grants, loans, and transfers from the General Fund which are used to account for the acquisition of property, widening and signalization of S.O.M. Center Road and White Road in the Village.

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

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are custodial in nature, where the Village deposits and pays cash as directed by another entity or individual. The Village maintains two agency funds, the Performance Bond and Bail Bond funds. Performance Bond fund is used to account for the collection and distribution of contractor's performance bonds. Bail Bond fund receives bail bond money which is remitted to the Lyndhurst Municipal Court.

**C. Basis of Presentation**

The Village's basic financial statements consist of government-wide statements, which include a statement of net assets 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 assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the Village, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Village at December 31, 2004. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities. Program Cash Receipts include monies provided by the recipient of the services offered by the program, grants and special assessments that are restricted to meeting the operations or capital requirements of particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental programs are self-financing or draw from the general revenues of the Village.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation (Continued)**

***Fund Financial Statements*** 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.

**D. Cash and Investments**

Investments are included in fund balances. 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 disbursements, respectively. The Village invested in STAROhio.

**E. Inventory**

On the modified cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

**F. Property, Plant and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

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

**H. Net Assets**

The financial statements report restricted net assets when contributors, grantors, or other external factors impose limitations in their use.

**I. Budgetary Process**

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

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Budgetary Process (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

**NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit account, including, but not limited to, passbook accounts;
5. Bonds and other obligation of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
9. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

**A. Deposits**

At year-end, the carrying amount of the Village's deposits was \$1,818,447 and the bank balance was \$1,621,592. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance of \$1,521,592 was uncollateralized and uninsured. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

**B. Investments**

The Village's investments are required to be categorized to give an indication of the level of risk assumed by the Village at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classification of cash and cash equivalents and investment on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$4,226,635	\$0
StarOhio	(2,407,188)	\$2,407,188
Savings Bond	(1,000)	1,000
GASB Statement No. 3	\$1,818,447	\$2,408,188



**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 4. COMPLIANCE**

**A. Expenditures Plus Encumbrances Exceeding Appropriations**

As of October 31, 2004, the following funds had expenditures plus encumbrances in excess of appropriations in violation of Ohio Revised Code Section 5705.41(B):

<u>Fund Description</u>	<u>Appropriations as of October 31, 2004</u>	<u>Expenditures Plus Encumbrances as of October 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Special Assessment Street Lighting	\$85,062	\$90,000	\$4,938
Community Diversion Program	0	5,505	5,505
Mayfield Union Cemetery	4,359	6,410	2,051
<b>Capital Projects Fund:</b>			
Parkview Ballfields	400,000	599,381	199,381
<b>Agency Fund:</b>			
OBBC Permit Fee	1,963	2,363	400

As of December 31, 2004, the following fund had expenditures plus encumbrances in excess of appropriations in violation of Ohio Revised Code Section 5705.41(B):

<u>Fund Description</u>	<u>Appropriations as of December 31, 2004</u>	<u>Expenditures Plus Encumbrances as of December 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Fund:</b>			
Street Construction Maintenance and Repair	\$169,704	\$202,373	\$32,669

**B. Negative Cash Fund Balance**

As of December 31, 2004, the S.O.M. Center Widening Project capital projects fund had a negative cash fund balance of \$1,127,570 in violation of Ohio Revised Code Section 5705.10.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 4. COMPLIANCE (Continued)**

**C. Amending Certificates of Estimated Resources**

Contrary to Ohio Revised Code Section 5705.36, the Village did not obtain reduced amended Certificates of Estimated Resources for the following significant variances which would have reduced the available resources below the current level of appropriations as of October 31, 2004 and December 31, 2004:

<u>Fund Description</u>	<u>Estimated Receipts per the Certificate of Estimated Resources as of October 31, 2004</u>	<u>Actual Receipts as of October 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Police Operating	\$96,881	\$78,279	(\$18,602)
Sanitary Sewer Relief	200,000	100,000	(100,000)
<b>Capital Projects Funds:</b>			
Capital Improvement	147,528	32,703	(114,825)
Parkview Ballfields	400,000	250,000	(150,000)
Upper 40 Stormwater	1,246,000	384,894	(861,106)
S.O.M. Center Widening Road Project	11,154,984	2,375,502	(8,779,482)
<b>Agency Funds:</b>			
Chagrin Commons TIF	610,100	261,207	(348,893)
Anthem Conversion Liquidation	250,000	0	(250,000)

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 4. COMPLIANCE (Continued)**

**C. Amending Certificates of Estimated Resources (Continued)**

<u>Fund Description</u>	<u>Estimated Receipts per the Certificate of Estimated Resources as of December 31, 2004</u>	<u>Actual Receipts as of December 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Sanitary Sewer Relief	\$200,000	\$100,000	(\$100,000)
<b>Capital Projects Funds:</b>			
Capital Improvement	147,528	40,269	(107,259)
Parkview Ballfields	750,000	600,000	(150,000)
Upper 40 Stormwater	1,246,000	445,824	(800,176)
S.O.M. Center Widening Road Project	11,154,984	4,824,063	(6,330,921)
<b>Agency Funds:</b>			
Chagrin Commons TIF	610,100	537,260	(72,840)
Anthem Conversion Liquidation	250,000	0	(250,000)

In addition to the significant variances noted above, there were several insignificant variances at October 31, 2004 and December 31, 2004 that required amended Certificates of Estimated Resources.

**NOTE 5. PROPERTY TAX**

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

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

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

**NOTE 6. LOCAL INCOME TAX**

The Village levied a municipal income tax of one and one-half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 6. LOCAL INCOME TAX (Continued)**

The Village has contracted with the Regional Income Tax Agency (RITA) for the collection of income taxes. Employers within the Village withhold income tax on employee compensation and remit the tax to the RITA either monthly or quarterly, as required. RITA distributes to the Village its portion of income tax monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**NOTE 7. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio EPA Supplement Loans	\$213,625	4.04% & 4.16%
Ohio Public Works Loans (Issue II)	187,081	0.00%
Ohio Public Works Loans (Issue II)	313,633	0.00%
General Obligation Bonds	2,125,000	4.48%
Bond Anticipation Notes	4,500,000	2.00%
State Infrastructure Bank Loan	2,968,014	4.00%
State Infrastructure Bank Loan	522,658	3.00%
Total	\$10,830,011	

The Ohio EPA Supplement Loan relates to a water main replacement for the Worton Park Sewer Improvement Project.

The Ohio Public Works Commission (Issue II) Loans are interest free loans. \$187,081 in remaining principal relates to the Worton Park Sanitary Sewer System construction. The loan will be repaid over twenty years at 0% interest. \$313,633 in remaining principal relates to the S.O.M. Center Widening Project. The total loan amount for the S.O.M. Center Widening Project is projected to be \$902,368. As of December 31, 2004, only \$313,633 had been received by the Village. The loan will be repaid over 20 years at 0% interest. The final payment schedule will not be completed nor is a payment due until the completion of the project in 2005.

The General Obligation Bonds were issued in 1996 for the construction of a fire station. The principal issued was \$3,000,000.

The Bond Anticipation Note was issued for the acquisition of real estate. The Bond Anticipation Note will mature in September 2005. The Village will pay \$90,000 in nominal interest or net interest of \$39,735 (\$90,000 nominal interest less the premium paid for the Bond Anticipation Note of \$50,265).

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)**

**NOTE 7. DEBT (Continued)**

The State Infrastructure Bank (S.I.B.) Loans (economic development wing of the Ohio Department of Transportation) are for the completion of the North Commons Boulevard and Parkview Drive Construction on the interior roadway project and the engineering and the right-of-way acquisition for the widening of S.O.M. Center Road. The loan will be repaid in part by the proceeds of a Tax Incremental Financing Plan (T.I.F.) agreed to between the Progressive Casualty Insurance Company and the Village in 1999. The Village has assigned the future proceeds of the T.I.F. to the Ohio Department of Transportation. The first S.I.B. Loan was issued in 1998 and is being repaid over seventeen years at an interest rate of 4%. In 2004, the Village received \$522,658 for a second S.I.B. Loan. The Village will begin repaying the loan in 2006. The loan will be repaid over nine years at in interest rate of 3%.

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

	OPWC Loan	General Obligation Bonds	Ohio EPA Supplmental Loan	State Infrastructure Bank Loans
Year ending December 31				
2005	\$22,450	\$245,505	\$22,851	\$310,841
2006	14,967	244,228	22,851	367,719
2007	14,967	242,578	22,851	367,719
2008	14,967	245,545	22,851	367,719
2009	14,967	242,873	22,851	367,719
2010 - 2014	74,835	1,217,619	114,255	1,838,595
2015 - 2019	29,928	486,551	34,277	1,204,088
Total	<u>\$187,081</u>	<u>\$2,924,899</u>	<u>\$262,787</u>	<u>\$4,824,400</u>

**NOTE 8. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 PFDPF participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% for police officers and 24% for firefighters of their wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Village has paid all contributions required through December 31, 2004.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(CONTINUED)

**NOTE 9. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED December 31, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	78322	20.205	\$559,884
State and Community Highway Safety	78322	20.600	<u>1,058</u>
Total U.S. Department of Transportation:			<u>560,942</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	2002-SH-WX-0610, 2001-UM-WX-0212	16.710	10,425
<i>Direct Program:</i>			
Bullet Proof Vest Purchases	2001-UM-WX-0212	16.607	<u>3,170</u>
Total U.S. Department of Justice:			<u>13,595</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed Through Ohio Emergency Management Agency</i>			
FEMA Public Assistance	035-05690-00	97.036	4,596
FEMA Fire Equipment Grant	035-05690-00	97.046	<u>2,000</u>
Total Federal Emergency Management Agency			<u>6,596</u>
<b>Total Federal Assistance</b>			<b><u><u>\$581,133</u></u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Village's federal awards programs. The schedule has been prepared on the cash basis of accounting.

**CFDA** – Catalog of Federal Domestic Assistance





## **Auditor of State Betty Montgomery**

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

Village of Mayfield  
Cuyahoga County  
6622 Wilson Mills Road  
Mayfield, Ohio 44143

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 23, 2005, wherein we noted the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated August 23, 2005, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-004. In a separate letter to the Village's management dated August 23, 2005, we reported other matters related to noncompliance we deemed immaterial.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We intend this report solely for the information and use of the audit committee, management, the Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 23, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Village of Mayfield  
Cuyahoga County  
6622 Wilson Mills Road  
Mayfield, Ohio 44143

To the Village Council:

#### Compliance

We have audited the compliance of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Mayfield complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

#### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 23, 2005

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction CFDA# 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(CONTINUED)

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

<b>Finding Number</b>	<b>2004-001</b>
-----------------------	-----------------

**EXPENDITURES PLUS ENCUMBRANCES EXCEEDING APPROPRIATIONS**

Ohio Revised Code 5705.41 (B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

During our testing, we noted the following funds had expenditures plus encumbrances exceeding appropriations at October 31, 2004:

<u>Fund Description</u>	<u>Appropriations as of October 31, 2004</u>	<u>Expenditures Plus Encumbrances as of October 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Special Assessment Street Lighting	\$85,062	\$90,000	\$4,938
Community Diversion Program	0	5,505	5,505
Mayfield Union Cemetery	4,359	6,410	2,051
<b>Capital Projects Fund:</b>			
Parkview Ballfields	400,000	599,381	199,381
<b>Agency Fund:</b>			
OBBC Permit Fee	1,963	2,363	400

During our testing, we noted the following fund had expenditures plus encumbrances exceeding appropriations at December 31, 2004:

<u>Fund Description</u>	<u>Appropriations as of December 31, 2004</u>	<u>Expenditures Plus Encumbrances as of December 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Fund:</b>			
Street Construction Maintenance and Repair	\$169,704	\$202,373	\$32,669

We recommend the Village compare expenditures and encumbrances to appropriations in all funds which are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to the amounts appropriated to ensure compliance with the above requirements. This comparison, and amendment if necessary, should be completed on a monthly basis at a minimum.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(CONTINUED)

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

**Finding Number**

**2004-002**

**NEGATIVE CASH FUND BALANCES**

Ohio Rev. Code Section 5705.10 states, in part, that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

During the review of the Village's cash fund balances we noted the SOM Center Road Widening fund had a negative cash fund balance in the amount of \$1,127,570 at year end.

We recommend the Village take the appropriate measures to ensure no negative cash fund balances exist throughout the year.

**Finding Number**

**2004-003**

**CERTIFICATION OF AVAILABLE RESOURCES**

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A)(3) provides that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. Code Section 5705.36(A)(4) provides that a reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriation.

Ohio Rev. Code Section 5705.39 provides, in part, that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(CONTINUED)

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

<b>Finding Number</b>	<b>2004-003</b>
-----------------------	-----------------

**CERTIFICATION OF AVAILABLE RESOURCES (Continued)**

Contrary to Ohio Revised Code Section 5705.36, the Village did not obtain reduced amended Certificates of Estimated Resources for the following significant variances which would have reduced the available resources below the current level of appropriations as of October 31, 2004:

<u>Fund Description</u>	<u>Estimated Receipts per the Certificate of Estimated Resources as of October 31, 2004</u>	<u>Actual Receipts as of October 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Police Operating	\$96,881	\$78,279	(\$18,602)
Sanitary Sewer Relief	200,000	100,000	(100,000)
<b>Capital Projects Funds:</b>			
Capital Improvement	147,528	32,703	(114,825)
Parkview Ballfields	400,000	250,000	(150,000)
Upper 40 Stormwater	1,246,000	384,894	(861,106)
S.O.M. Center Widening Road Project	11,154,984	2,375,502	(8,779,482)
<b>Agency Funds:</b>			
Chagrin Commons TIF	610,100	261,207	(348,893)
Anthem Conversion Liquidation	250,000	0	(250,000)



**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(CONTINUED)**

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

<b>Finding Number</b>	<b>2004-003</b>
-----------------------	-----------------

**CERTIFICATION OF AVAILABLE RESOURCES (Continued)**

Contrary to Ohio Revised Code Section 5705.36, the Village did not obtain reduced amended Certificates of Estimated Resources for the following significant variances which would have reduced the available resources below the current level of appropriations as of December 31, 2004:

<u>Fund Description</u>	<u>Estimated Receipts per the Certificate of Estimated Resources as of December 31, 2004</u>	<u>Actual Receipts as of December 31, 2004</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Sanitary Sewer Relief	\$200,000	\$100,000	(\$100,000)
<b>Capital Projects Funds:</b>			
Capital Improvement	147,528	40,269	(107,259)
Parkview Ballfields	750,000	600,000	(150,000)
Upper 40 Stormwater	1,246,000	445,824	(800,176)
S.O.M. Center Widening Road Project	11,154,984	4,824,063	(6,330,921)
<b>Agency Funds:</b>			
Chagrin Commons TIF	610,100	537,260	(72,840)
Anthem Conversion Liquidation	250,000	0	(250,000)

In addition to the significant variances noted above, we noted several insignificant variances that required an amended certificate of estimated resources as of October 31, 2004 and December 31, 2004.

We recommend that the Village compare estimated receipts to actual receipts on a monthly basis and obtain an amended certificate of estimated resources as needed.

VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004  
(CONTINUED)

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

**Finding Number**

**2004-004**

**PUBLIC OFFICIALS RECEIVING ITEMS OF VALUE**

Ohio Rev. Code Section 102.03 (D) provides that no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties. Ohio Rev. Code Section 102.03 (E) prohibits a public official or employees from soliciting or accepting anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

During our testing of the Village's federal program we noted the Village Service Director was provided a round of golf, golf cart rental, food and beverages from a vendor who is currently working on a construction project within the Village. We also noted the Village Finance Director was present and received food and beverages from the same vendor but was not provided a round of golf. Based on additional review and discussions with the Village, it is our understanding that neither the Village Service Director nor the Finance Director reimbursed the vendor.

We recommend the Village, with the help of its legal counsel, develop a formal policy regarding related party transactions to govern transactions in which members of Village Council may have a personal interest. We further recommend that all Village employees refrain from accepting any item of value from a party that is interested in matters before, regulated by, or doing or seeking to do business with the public officials or employees of the Village.

This matter will be referred to the Ohio Ethics Commission.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2003-001	Ohio Rev. Code Section 5705.41 (B) Expenditures plus encumbrances exceeding appropriations	Not Corrected	Re-issued as finding 2004-001
2003-002	Ohio Revised Code Section 5705.10 Negative fund balances	Not Corrected	Re-issued as finding 2004-002





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF MAYFIELD**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 20, 2005**