



Dave Yost • Auditor of State



**VILLAGE OF MIDDLEFIELD  
GEAUGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Middlefield  
Geauga County  
14860 North State Avenue  
P.O. Box 1019  
Middlefield, Ohio 44062

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Middlefield, Geauga County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Middlefield, Geauga County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General fund as of December 31, 2014, and 2013, thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to the Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 22, 2016

**Village of Middlefield**  
**Geauga County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited

The discussion and analysis of the Village of Middlefield's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2014 and 2013, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Key financial highlights for 2014 and 2013 are as follows:

*Overall:*

- For governmental activities in 2013, net position decreased \$783,497 and for business-type activities, net position increased \$137,948 from 2012.
- For 2013, general receipts accounted for \$3,118,440 in receipts or 87 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$453,007 or 13 percent of total governmental receipts of \$3,571,447.
- For 2013, the Village had \$4,370,944 in disbursements related to governmental activities; only \$453,007 of these disbursements were offset by program specific charges for services, grants, contributions or interest. General receipts (primarily municipal taxes) of \$3,118,440 were not adequate to provide for these programs.
- For 2013, the general fund had \$3,192,725 in receipts and \$3,692,972 in disbursements. The General Fund's fund balance decreased to \$424,898 from \$925,145.
- For 2013 business-type activities, program receipts were \$1,282,274. These offset disbursements of \$1,128,326.
- For governmental activities in 2014, net position decreased \$9,806 and for business-type activities, net position increased \$41,294 from 2013.
- For 2014, general receipts accounted for \$2,880,102 in receipts or 80 percent of all governmental receipts and transfers. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$404,397 or 11 percent of total governmental receipts and transfers of \$3,618,406.
- For 2014, the Village had \$3,628,212 in disbursements related to governmental activities; only \$404,397 of these disbursements were offset by program specific charges for services, grants, contributions or interest. General receipts (primarily municipal taxes and loan proceeds) of \$2,880,102 were not adequate to provide for these programs.
- For 2014, the general fund had \$3,296,089 in receipts and \$3,263,238 in disbursements. The General Fund's fund balance increased to \$457,749 from \$424,898.

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- For 2014 business-type activities, program receipts were \$1,335,667. These offset disbursements of \$960,466.

**Using these Cash Basis Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Village as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Village, presenting an aggregate view of the Village finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed. The fund financial statements also look at the Village's most significant funds with all other non-major funds presented in total in one column.

**Reporting the Village as a Whole**

*Statement of Net Position and the Statement of Activities*

The statements of net position and the statements of activities reflect how the Village did financially during 2014 and 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activities. 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 or business-type activity draws from the Village's general receipts.

These two statements report the Village's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Village as a whole, the *financial position* of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and other factors.

In the Statement of Net Position and the Statement of Activities, the Village has two kinds of activities:

- Governmental Activities - Most of the Village's programs and services are reported here including, general government, security of persons and property, public health services, leisure time activities, community environment, basic utility services, and transportation.
- Business-type activities – The Village has a number of business-type activities which are financed by fees charged to the customers receiving the services.

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

*Fund Financial Statements*

The analysis of the Village's major funds begins on page 13. Fund financial statements provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund, the Recreation Center Construction Fund and the Utility Capital Improvement Fund for 2013, with the addition of the Equipment Replacement Fund in 2014.

**Governmental Funds** Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

**Proprietary Funds** When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as enterprise funds. The proprietary funds for the Village consist exclusively of enterprise funds.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's fiduciary fund is an agency fund.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on the cash basis:

**Table 1**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Cash and investments	\$ 2,222,575	\$ 3,006,072	\$ 1,859,508	\$ 1,721,560	\$ 4,082,083	\$ 4,727,632
<i>Total Assets</i>	<u>\$ 2,222,575</u>	<u>\$ 3,006,072</u>	<u>\$ 1,859,508</u>	<u>\$ 1,721,560</u>	<u>\$ 4,082,083</u>	<u>\$ 4,727,632</u>
<b>Net Position:</b>						
Restricted						
Other purposes	\$ 1,797,677	\$ 2,080,927	\$ -	\$ -	\$ 1,797,677	\$ 2,080,927
Unrestricted	424,898	925,145	1,859,508	1,721,560	2,284,406	2,646,705
<i>Total Net Position</i>	<u>\$ 2,222,575</u>	<u>\$ 3,006,072</u>	<u>\$ 1,859,508</u>	<u>\$ 1,721,560</u>	<u>\$ 4,082,083</u>	<u>\$ 4,727,632</u>

Table 2 provides a summary of the Village's net position for 2014 compared to 2013 on the cash basis:

**Table 2**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Cash and investments	\$ 2,212,769	\$ 2,222,575	\$ 1,900,802	\$ 1,859,508	\$ 4,113,571	\$ 4,082,083
<i>Total Assets</i>	<u>\$ 2,212,769</u>	<u>\$ 2,222,575</u>	<u>\$ 1,900,802</u>	<u>\$ 1,859,508</u>	<u>\$ 4,113,571</u>	<u>\$ 4,082,083</u>
<b>Net Position:</b>						
Restricted						
Other purposes	\$ 1,755,020	\$ 1,797,677	\$ -	\$ -	\$ 1,755,020	\$ 1,797,677
Unrestricted	457,749	424,898	1,900,802	1,859,508	2,358,551	2,284,406
<i>Total Net Position</i>	<u>\$ 2,212,769</u>	<u>\$ 2,222,575</u>	<u>\$ 1,900,802</u>	<u>\$ 1,859,508</u>	<u>\$ 4,113,571</u>	<u>\$ 4,082,083</u>

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Table 3 shows the net changes in net position for 2013 and 2012.

	<b>Table 3</b>		Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Receipts:</b>								
Program Receipts:								
Charges for services and sales	\$ 270,306	\$ 346,327	\$ 1,282,274	\$ 1,295,832	\$ 1,552,580	\$ 1,642,159		
Operating grants, contributions and interest	25,196	25,780	-	-	25,196	25,780		
Capital grants and contributions	157,505	112,290	-	-	157,505	112,290		
General Receipts:								
Property taxes	311,659	299,073	-	-	311,659	299,073		
Municipal income taxes	2,372,336	2,307,250	-	-	2,372,336	2,307,250		
Grants and entitlements	89,729	146,517	-	-	89,729	146,517		
Interest	3,122	5,435	-	-	3,122	5,435		
Sale of Capital Assets	-	8,305	-	-	-	8,305		
Miscellaneous	341,594	16,693	-	-	341,594	16,693		
Transfers	16,000	16,000	(16,000)	(16,000)	-	-		
<b>Total Receipts</b>	<u>3,587,447</u>	<u>3,283,670</u>	<u>1,266,274</u>	<u>1,279,832</u>	<u>4,853,721</u>	<u>4,563,502</u>		
<b>Disbursements:</b>								
Current:								
General government	702,890	621,511	-	-	702,890	621,511		
Security of persons and property	987,754	1,041,797	-	-	987,754	1,041,797		
Public health services	19,200	21,503	-	-	19,200	21,503		
Leisure time activities	259,578	284,932	-	-	259,578	284,932		
Community environment	67,965	78,304	-	-	67,965	78,304		
Basic utility services	8,142	5,782	-	-	8,142	5,782		
Transportation	842,904	314,558	-	-	842,904	314,558		
Capital outlay	384,308	60,704	-	-	384,308	60,704		
Debt Service:								
Principal retirement	976,984	864,791	-	-	976,984	864,791		
Interest and fiscal charges	121,219	127,066	-	-	121,219	127,066		
Water	-	-	516,768	399,588	516,768	399,588		
Sewer	-	-	611,558	528,634	611,558	528,634		
<b>Total Disbursements</b>	<u>4,370,944</u>	<u>3,420,948</u>	<u>1,128,326</u>	<u>928,222</u>	<u>5,499,270</u>	<u>4,349,170</u>		
<b>Changes in Net Position</b>	<u>\$ (783,497)</u>	<u>\$ (137,278)</u>	<u>\$ 137,948</u>	<u>\$ 351,610</u>	<u>\$ (645,549)</u>	<u>\$ 214,332</u>		

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Table 4 shows the net changes in net position for 2014 and 2013.

**Table 4**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Receipts:</b>						
Program Receipts:						
Charges for services and sales	\$ 268,249	\$ 216,099	\$ 1,335,667	\$ 1,282,274	\$ 1,603,916	\$ 1,498,373
Operating grants, contributions and interest	23,916	25,196	-	-	23,916	25,196
Capital grants and contributions	112,232	157,505	-	-	112,232	157,505
General Receipts:						
Property taxes	295,329	311,659	-	-	295,329	311,659
Municipal income taxes	2,507,965	2,372,336	-	-	2,507,965	2,372,336
Grants and entitlements	70,068	89,729	-	-	70,068	89,729
Interest	2,641	3,122	-	-	2,641	3,122
Miscellaneous	4,099	395,801	-	-	4,099	395,801
Transfers	333,907	16,000	(333,907)	(16,000)	-	-
Total Receipts	<u>3,618,406</u>	<u>3,587,447</u>	<u>1,001,760</u>	<u>1,266,274</u>	<u>4,620,166</u>	<u>4,853,721</u>
<b>Disbursements:</b>						
Current:						
General government	741,344	702,890	-	-	741,344	702,890
Security of persons and property	1,027,449	987,754	-	-	1,027,449	987,754
Public health services	23,591	19,200	-	-	23,591	19,200
Leisure time activities	265,325	259,578	-	-	265,325	259,578
Community environment	67,268	67,965	-	-	67,268	67,965
Basic utility services	27,215	8,142	-	-	27,215	8,142
Transportation	401,960	842,904	-	-	401,960	842,904
Capital outlay	82,203	384,308	-	-	82,203	384,308
Debt Service:						
Principal retirement	876,646	976,984	-	-	876,646	976,984
Interest and fiscal charges	115,211	121,219	-	-	115,211	121,219
Water	-	-	399,107	516,768	399,107	516,768
Sewer	-	-	561,359	611,558	561,359	611,558
Total Disbursements	<u>3,628,212</u>	<u>4,370,944</u>	<u>960,466</u>	<u>1,128,326</u>	<u>4,588,678</u>	<u>5,499,270</u>
Changes in Net Position	<u>\$ (9,806)</u>	<u>\$ (783,497)</u>	<u>\$ 41,294</u>	<u>\$ 137,948</u>	<u>\$ 31,488</u>	<u>\$ (645,549)</u>

***Governmental Activities***

For 2014 and 2013, net position of the Village's governmental activities decreased by \$9,806 and \$783,497, respectively. For 2014, the governmental disbursements of \$3,628,212 were offset by program receipts of \$404,397 and general receipts of \$2,880,102 and for 2013, the governmental disbursements of \$4,370,944 were offset by program receipts of \$453,007 and general receipts of \$3,118,440.

The primary sources of revenue for governmental activities are derived from property taxes and income taxes. For 2014 and 2013, these two revenue sources represent 85 percent and 75 percent, respectively, of total governmental receipts (excluding transfers).

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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 5 shows, for governmental activities, the total cost of services and the net cost of services for 2014, 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlement.

**Table 3**

	2014		2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<i>Governmental Activities:</i>						
General government	\$ 741,344	\$ (607,243)	\$ 702,890	\$ (568,861)	\$ 621,511	\$ (551,412)
Security of persons and property	1,027,449	(1,008,482)	987,754	(963,722)	1,041,797	(942,372)
Public health services	23,591	(9,576)	19,200	(1,180)	21,503	(3,101)
Leisure time activities	265,325	(193,830)	259,578	(197,141)	284,932	(154,931)
Community environment	67,268	(67,268)	67,965	(67,965)	78,304	(75,504)
Basic utility services	27,215	9,744	8,142	31,676	5,782	42,958
Transportation	401,960	(273,672)	842,904	(714,671)	314,558	(199,628)
Capital outlay	82,203	(81,631)	384,308	(337,870)	60,704	(60,704)
<i>Debt service:</i>						
Principal retirement	876,646	(876,646)	976,984	(976,984)	864,791	(864,791)
Interest and fiscal charges	115,211	(115,211)	121,219	(121,219)	127,066	(127,066)
<i>Business-Type Activities:</i>						
Water	399,107	212,174	516,768	73,436	399,588	193,935
Sewer	561,359	163,027	611,558	80,512	528,634	173,675
Total expenses	<u>\$ 4,588,678</u>	<u>\$ (2,848,614)</u>	<u>\$ 5,499,270</u>	<u>\$ (3,763,989)</u>	<u>\$ 4,349,170</u>	<u>\$ (2,568,941)</u>

For 2014 and 2013, only 13 percent and 9 percent, respectively, of general government activities were supported through program receipts. For all governmental activities, general receipts and prior year cash balance support the majority of disbursements as shown in the above table. The community, as a whole, is by far the primary support for the Village of Middlefield.

**Business-type Activities**

The dependence upon program receipts is apparent as 100 percent of business-type activities were supported through these receipts for both 2014 and 2013. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

***The Village's Funds***

Information about the Village's major funds starts on page 13. These funds are accounted for using the cash basis of accounting. For 2013, governmental funds had total cash receipts of \$3,571,447 and cash expenditures of \$4,370,944. For 2014, governmental funds had total cash receipts of \$3,284,499 and cash expenditures of \$3,628,212. The net change in fund balance at year end was most significant in the General Fund, where the fund's balance increased by \$32,851 and decreased by \$500,247 for 2014 and 2013, respectively.

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***General Fund Budgeting Highlights***

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

During the course of 2014 and 2013, the Village amended its General Fund receipt budget numerous times. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In 2013, the General Fund final budget basis receipts were \$2,901,484, the original estimate was \$2,901,484. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$3,692,972, \$500,247 over receipts.

In 2014, the General Fund final budget basis receipts were \$3,336,888, the original estimate was \$2,808,874. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$3,263,633, \$32,456 under receipts.

**Capital Assets and Debt Administration**

***Capital Assets***

The Village capital assets and infrastructure are not reflected in the accompanying financial statements.

***Debt***

At December 31, 2014 and 2013, the Village had \$11,615,359 and \$12,524,391, respectively, in OPWC and OWDA loans outstanding. These issues were used for improvements to the Village's water and sewer systems.

**Current Financial Related Activities**

The Village of Middlefield is strong financially. As the preceding information shows, the Village heavily depends on its property/income taxpayers. However, financially the future is not without challenges.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Nick Giardina, Fiscal Officer at 14860 North State Avenue, Middlefield, Ohio 44062.

**Village of Middlefield**  
**Geauga County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 1,517,076	\$ 1,324,888	\$ 2,841,964
Cash in segregated accounts	120,726	-	120,726
Investments	574,967	575,914	1,150,881
Total assets	<u>2,212,769</u>	<u>1,900,802</u>	<u>4,113,571</u>
<b>Net Position</b>			
Restricted for:			
Capital projects	1,224,860	-	1,224,860
Other purposes	530,160	-	530,160
Unrestricted	457,749	1,900,802	2,358,551
Total net position	<u>\$ 2,212,769</u>	<u>\$ 1,900,802</u>	<u>\$ 4,113,571</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2014*

	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	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 741,344	\$ 134,101	\$ -	\$ -	\$ (607,243)	\$ -	\$ (607,243)
Security of persons and property	1,027,449	12,250	6,717	-	(1,008,482)	-	(1,008,482)
Public health services	23,591	14,015	-	-	(9,576)	-	(9,576)
Leisure time activities	265,325	54,296	17,199	-	(193,830)	-	(193,830)
Community environment	67,268	-	-	-	(67,268)	-	(67,268)
Basic utility services	27,215	36,959	-	-	9,744	-	9,744
Transportation	401,960	16,628	-	111,660	(273,672)	-	(273,672)
Capital outlay	82,203	-	-	572	(81,631)	-	(81,631)
Debt service:							
Principal retirement	876,646	-	-	-	(876,646)	-	(876,646)
Interest and fiscal charges	115,211	-	-	-	(115,211)	-	(115,211)
<b>Total governmental activities</b>	<b>3,628,212</b>	<b>268,249</b>	<b>23,916</b>	<b>112,232</b>	<b>(3,223,815)</b>	<b>-</b>	<b>(3,223,815)</b>
<b>Business-Type Activity</b>							
Water	399,107	611,281	-	-	-	212,174	212,174
Sewer	561,359	724,386	-	-	-	163,027	163,027
<b>Total business-type activities</b>	<b>960,466</b>	<b>1,335,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375,201</b>	<b>375,201</b>
<b>Total government</b>	<b>\$ 4,588,678</b>	<b>\$ 1,603,916</b>	<b>\$ 23,916</b>	<b>\$ 112,232</b>	<b>(3,223,815)</b>	<b>375,201</b>	<b>(2,848,614)</b>
<b>General Receipts</b>							
Municipal income taxes levied for:							
General purposes					2,507,965	-	2,507,965
Property taxes levied for:							
General purposes					223,350	-	223,350
Security of persons and property					71,979	-	71,979
Grants and entitlements not restricted to specific programs					70,068	-	70,068
Earnings on investment					2,641	-	2,641
Miscellaneous					4,099	-	4,099
<b>Total general receipts</b>					<b>2,880,102</b>	<b>-</b>	<b>2,880,102</b>
Transfers					333,907	(333,907)	-
<b>Total general receipts and transfers</b>					<b>3,214,009</b>	<b>(333,907)</b>	<b>2,880,102</b>
Change in net position					(9,806)	41,294	31,488
Net position beginning of year					2,222,575	1,859,508	4,082,083
Net position end of year					<b>\$ 2,212,769</b>	<b>\$ 1,900,802</b>	<b>\$ 4,113,571</b>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2014*

	General	Recreation Center Construction	Utility Capital Improvement	Equipment Replacement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 339,323	\$ 27,045	\$ 274,861	\$ 170,548	\$ 705,299	\$ 1,517,076
Cash in segregated accounts	118,426	-	-	-	2,300	120,726
Investments	-	500,000	4,967	70,000	-	574,967
Total assets	<u>\$ 457,749</u>	<u>\$ 527,045</u>	<u>\$ 279,828</u>	<u>\$ 240,548</u>	<u>\$ 707,599</u>	<u>\$ 2,212,769</u>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	\$ -	\$ 527,045	\$ 279,828	\$ 240,548	\$ 671,589	\$ 1,719,010
Committed	-	-	-	-	36,010	36,010
Assigned	395	-	-	-	-	395
Unassigned	457,354	-	-	-	-	457,354
Total fund balances	<u>\$ 457,749</u>	<u>\$ 527,045</u>	<u>\$ 279,828</u>	<u>\$ 240,548</u>	<u>\$ 707,599</u>	<u>\$ 2,212,769</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	Recreation Center Construction	Utility Capital Improvement	Equipment Replacement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal income taxes	\$ 2,507,965	\$ -	\$ -	\$ -	\$ -	\$ 2,507,965
Property and other local taxes	223,350	-	-	-	71,979	295,329
Charges for services	99,068	-	36,959	-	58,911	194,938
Fines, licenses and permits	72,524	-	-	-	413	72,937
Intergovernmental	70,067	-	-	-	111,660	181,727
Gifts and contributions	-	-	-	-	4,683	4,683
Interest	2,641	-	-	-	-	2,641
Miscellaneous	6,474	-	-	572	17,233	24,279
<b>Total receipts</b>	<b>2,982,089</b>	<b>-</b>	<b>36,959</b>	<b>572</b>	<b>264,879</b>	<b>3,284,499</b>
<b>Disbursements</b>						
Current:						
General government	730,320	-	10,944	-	80	741,344
Security of persons and property	939,310	-	-	-	88,139	1,027,449
Public health services	-	-	-	-	23,591	23,591
Leisure time activities	112,127	-	-	-	153,198	265,325
Community environment	67,268	-	-	-	-	67,268
Basic utility services	27,215	-	-	-	-	27,215
Transportation	209,603	-	-	-	192,357	401,960
Capital outlay	-	-	-	11,405	70,798	82,203
Debt service:						
Principal retirement	872,628	-	-	-	4,018	876,646
Interest and fiscal charges	115,211	-	-	-	-	115,211
<b>Total disbursements</b>	<b>3,073,682</b>	<b>-</b>	<b>10,944</b>	<b>11,405</b>	<b>532,181</b>	<b>3,628,212</b>
Excess of receipts over (under) disbursements	(91,593)	-	26,015	(10,833)	(267,302)	(343,713)
<b>Other financing sources (uses)</b>						
Transfers in	314,000	1,417	2	40,226	177,818	533,463
Transfers out	(189,556)	-	-	-	(10,000)	(199,556)
<b>Total other financing sources (uses)</b>	<b>124,444</b>	<b>1,417</b>	<b>2</b>	<b>40,226</b>	<b>167,818</b>	<b>333,907</b>
Net change in fund balance	32,851	1,417	26,017	29,393	(99,484)	(9,806)
Fund balances beginning of year	424,898	525,628	253,811	211,155	807,083	2,222,575
Fund balances end of year	<u>\$ 457,749</u>	<u>\$ 527,045</u>	<u>\$ 279,828</u>	<u>\$ 240,548</u>	<u>\$ 707,599</u>	<u>\$ 2,212,769</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal income taxes	\$ 2,365,000	\$ 2,507,465	\$ 2,507,965	\$ 500
Property and other local taxes	220,500	223,350	223,350	-
Charges for services	45,750	140,160	99,068	(41,092)
Fines, licenses and permits	79,750	67,595	72,524	4,929
Intergovernmental	91,874	75,006	70,067	(4,939)
Interest	5,500	2,397	2,641	244
Miscellaneous	500	6,915	6,474	(441)
<b>Total receipts</b>	<b>2,808,874</b>	<b>3,022,888</b>	<b>2,982,089</b>	<b>(40,799)</b>
<b>Disbursements</b>				
Current:				
General government	696,270	748,502	730,447	18,055
Security of persons and property	834,800	986,353	939,310	47,043
Leisure time activities	97,225	112,127	112,127	-
Community environment	67,250	55,285	67,268	(11,983)
Basic utility services	7,500	27,215	27,215	-
Transportation	220,600	196,624	209,871	(13,247)
Debt service:				
Principal retirement	917,822	872,628	872,628	-
Interest and fiscal charges	121,178	115,211	115,211	-
<b>Total disbursements</b>	<b>2,962,645</b>	<b>3,113,945</b>	<b>3,074,077</b>	<b>39,868</b>
Excess of receipts under disbursements	(153,771)	(91,057)	(91,988)	(931)
<b>Other financing sources (uses)</b>				
Transfers in	-	314,000	314,000	-
Transfers out	(96,500)	(189,306)	(189,556)	(250)
<b>Total other financing sources (uses)</b>	<b>(96,500)</b>	<b>124,694</b>	<b>124,444</b>	<b>(250)</b>
Net change in fund balance	(250,271)	33,637	32,456	(1,181)
Fund balance at beginning of year	424,898	424,898	424,898	-
Fund balance at end of year	\$ 174,627	\$ 458,535	\$ 457,354	\$ (1,181)

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2014*

	<u>Water</u>	<u>Sewer</u>	<u>Sewer Capital Improvement</u>	<u>New Well Capital Improvement</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 569,420	\$ 475,887	\$ 190,457	\$ 60,246	\$ 28,878	\$ 1,324,888
Investments	-	-	300,000	225,000	50,914	575,914
Total assets	<u>\$ 569,420</u>	<u>\$ 475,887</u>	<u>\$ 490,457</u>	<u>\$ 285,246</u>	<u>\$ 79,792</u>	<u>\$ 1,900,802</u>
<b>Net Position</b>						
Unrestricted	<u>\$ 569,420</u>	<u>\$ 475,887</u>	<u>\$ 490,457</u>	<u>\$ 285,246</u>	<u>\$ 79,792</u>	<u>\$ 1,900,802</u>
Total net position	<u>\$ 569,420</u>	<u>\$ 475,887</u>	<u>\$ 490,457</u>	<u>\$ 285,246</u>	<u>\$ 79,792</u>	<u>\$ 1,900,802</u>

See accompanying notes to the financial statements.

**Village of Middlefield  
Geauga County**

*Proprietary Funds  
For the Year Ended December 31, 2014*

	Water	Sewer	Sewer Capital Improvement	New Well Capital Improvement	Other Enterprise Fund	Total Enterprise Funds
<b>Operating Receipts</b>						
Charges for services	\$ 610,580	\$ 721,634	\$ -	\$ -	\$ -	\$ 1,332,214
Other operating receipts	701	2,752	-	-	-	3,453
Total operating receipts	<u>611,281</u>	<u>724,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335,667</u>
<b>Operating Disbursements</b>						
Personal services	205,503	206,549	-	-	-	412,052
Travel and transportation	21	-	-	-	-	21
Contractual services	124,485	262,365	-	-	-	386,850
Supplies and materials	68,602	92,275	-	-	-	160,877
Total operating disbursements	<u>398,611</u>	<u>561,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>959,800</u>
Operating income	<u>212,670</u>	<u>163,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,867</u>
<b>Non-operating disbursements</b>						
Capital outlay	(496)	(170)	-	-	-	(666)
Total non-operating disbursements	<u>(496)</u>	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(666)</u>
Income before transfers	<u>212,174</u>	<u>163,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,201</u>
<b>Transfers</b>						
Transfers in	-	-	19,925	5,076	168	25,169
Transfers out	(210,576)	(148,500)	-	-	-	(359,076)
Change in net assets	1,598	14,527	19,925	5,076	168	41,294
Net position beginning of year	<u>567,822</u>	<u>461,360</u>	<u>470,532</u>	<u>280,170</u>	<u>79,624</u>	<u>1,859,508</u>
Net position end of year	<u>\$ 569,420</u>	<u>\$ 475,887</u>	<u>\$ 490,457</u>	<u>\$ 285,246</u>	<u>\$ 79,792</u>	<u>\$ 1,900,802</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2014*

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	<u>Agency</u>
<b>Assets</b>	
Equity in pooled cash and cash equivalents	\$ 617
Investments	<u>12,445</u>
Total assets	<u><u>\$ 13,062</u></u>
<b>Net Position</b>	
Restricted for:	
Deposits	<u>\$ 13,062</u>
Total net position	<u><u>\$ 13,062</u></u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 1,526,906	\$ 1,233,594	\$ 2,760,500
Cash in segregated accounts	120,702	-	120,702
Investments	574,967	625,914	1,200,881
Total assets	<u>2,222,575</u>	<u>1,859,508</u>	<u>4,082,083</u>
<b>Net Position</b>			
Restricted for:			
Capital projects	1,242,421	-	1,242,421
Other purposes	555,256	-	555,256
Unrestricted	424,898	1,859,508	2,284,406
Total net position	<u>\$ 2,222,575</u>	<u>\$ 1,859,508</u>	<u>\$ 4,082,083</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2013*

	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	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 702,890	\$ 134,029	\$ -	\$ -	\$ (568,861)	\$ -	\$ (568,861)
Security of persons and property	987,754	5,131	18,901	-	(963,722)	-	(963,722)
Public health services	19,200	18,020	-	-	(1,180)	-	(1,180)
Leisure time activities	259,578	56,142	6,295	-	(197,141)	-	(197,141)
Community environment	67,965	-	-	-	(67,965)	-	(67,965)
Basic utility services	8,142	39,818	-	-	31,676	-	31,676
Transportation	842,904	17,166	-	111,067	(714,671)	-	(714,671)
Capital outlay	384,308	-	-	46,438	(337,870)	-	(337,870)
Debt service:							
Principal retirement	976,984	-	-	-	(976,984)	-	(976,984)
Interest and fiscal charges	121,219	-	-	-	(121,219)	-	(121,219)
<b>Total governmental activities</b>	<b>4,370,944</b>	<b>270,306</b>	<b>25,196</b>	<b>157,505</b>	<b>(3,917,937)</b>	<b>-</b>	<b>(3,917,937)</b>
<b>Business-Type Activity</b>							
Water	516,768	590,204	-	-	-	73,436	73,436
Sewer	611,558	692,070	-	-	-	80,512	80,512
<b>Total business-type activities</b>	<b>1,128,326</b>	<b>1,282,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,948</b>	<b>153,948</b>
<b>Total government</b>	<b>\$ 5,499,270</b>	<b>\$ 1,552,580</b>	<b>\$ 25,196</b>	<b>\$ 157,505</b>	<b>(3,917,937)</b>	<b>153,948</b>	<b>(3,763,989)</b>
<b>General Receipts</b>							
Municipal income taxes levied for:							
General purposes					2,372,336	-	2,372,336
Property taxes levied for:							
General purposes					227,675	-	227,675
Security of persons and property					83,984	-	83,984
Grants and entitlements not restricted to specific programs							
Interest					89,729	-	89,729
Miscellaneous					3,122	-	3,122
					341,594	-	341,594
<b>Total general receipts</b>					<b>3,118,440</b>	<b>-</b>	<b>3,118,440</b>
Transfers					16,000	(16,000)	-
<b>Total general receipts and transfers</b>					<b>3,134,440</b>	<b>(16,000)</b>	<b>3,118,440</b>
Change in net position					(783,497)	137,948	(645,549)
Net position beginning of year					3,006,072	1,721,560	4,727,632
Net position end of year					<b>\$ 2,222,575</b>	<b>\$ 1,859,508</b>	<b>\$ 4,082,083</b>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2013*

	General	Recreation Center Construction	Utility Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ 306,496	\$ 25,628	\$ 248,844	\$ 945,938	\$ 1,526,906
Cash in segregated accounts	118,402	-	-	2,300	120,702
Investments	-	500,000	4,967	70,000	574,967
Total assets	<u>\$ 424,898</u>	<u>\$ 525,628</u>	<u>\$ 253,811</u>	<u>\$ 1,018,238</u>	<u>\$ 2,222,575</u>
<b>Fund Balances</b>					
Restricted	\$ -	\$ 525,628	\$ 253,811	\$ 1,018,238	\$ 1,797,677
Unassigned	424,898	-	-	-	424,898
Total fund balances	<u>\$ 424,898</u>	<u>\$ 525,628</u>	<u>\$ 253,811</u>	<u>\$ 1,018,238</u>	<u>\$ 2,222,575</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Recreation Center Construction	Utility Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal income taxes	\$ 2,372,336	\$ -	\$ -	\$ -	\$ 2,372,336
Property and other local taxes	227,675	-	-	83,984	311,659
Charges for services	35,290	-	39,817	71,462	146,569
Fines, licenses and permits	122,980	-	-	757	123,737
Intergovernmental	89,728	-	-	116,268	205,996
Gifts and contributions	-	-	-	14,818	14,818
Interest	3,122	-	-	-	3,122
Miscellaneous	341,594	-	-	51,616	393,210
<b>Total receipts</b>	<b>3,192,725</b>	<b>-</b>	<b>39,817</b>	<b>338,905</b>	<b>3,571,447</b>
<b>Disbursements</b>					
Current:					
General government	693,743	-	118	9,029	702,890
Security of persons and property	896,958	-	-	90,796	987,754
Public health services	-	-	-	19,200	19,200
Leisure time activities	104,330	-	-	155,248	259,578
Community environment	67,965	-	-	-	67,965
Basic utility services	8,142	-	-	-	8,142
Transportation	702,434	-	-	140,470	842,904
Capital outlay	-	-	-	384,308	384,308
Debt service:					
Principal retirement	964,931	-	-	12,053	976,984
Interest and fiscal charges	121,219	-	-	-	121,219
<b>Total disbursements</b>	<b>3,559,722</b>	<b>-</b>	<b>118</b>	<b>811,104</b>	<b>4,370,944</b>
Excess of receipts over (under) disbursements	(366,997)	-	39,699	(472,199)	(799,497)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	157,250	157,250
Transfers out	(133,250)	-	-	(8,000)	(141,250)
<b>Total other financing sources (uses)</b>	<b>(133,250)</b>	<b>-</b>	<b>-</b>	<b>149,250</b>	<b>16,000</b>
Net change in fund balance	(500,247)	-	39,699	(322,949)	(783,497)
Fund balances beginning of year	925,145	525,628	214,112	1,341,187	3,006,072
Fund balances end of year	<u>\$ 424,898</u>	<u>\$ 525,628</u>	<u>\$ 253,811</u>	<u>\$ 1,018,238</u>	<u>\$ 2,222,575</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal income taxes	\$ 2,371,150	\$ 2,371,150	\$ 2,372,336	\$ 1,186
Property and other local taxes	217,731	217,731	227,675	9,944
Charges for services	128,500	128,500	35,290	(93,210)
Fines, licenses and permits	76,800	76,800	122,980	46,180
Intergovernmental	97,203	97,203	89,728	(7,475)
Interest	10,000	10,000	3,122	(6,878)
Miscellaneous	100	100	341,594	341,494
<b>Total receipts</b>	<u>2,901,484</u>	<u>2,901,484</u>	<u>3,192,725</u>	<u>291,241</u>
<b>Disbursements</b>				
Current:				
General government	686,500	706,500	693,743	12,757
Security of persons and property	897,800	897,800	896,958	842
Leisure time activities	145,000	145,000	104,330	40,670
Community environment	119,500	119,500	67,965	51,535
Basic utility services	16,750	16,750	8,142	8,608
Transportation	757,300	757,300	702,434	54,866
Debt service:				
Principal retirement	889,555	889,555	964,931	(75,376)
Interest and fiscal charges	100,445	100,445	121,219	(20,774)
<b>Total disbursements</b>	<u>3,612,850</u>	<u>3,632,850</u>	<u>3,559,722</u>	<u>73,128</u>
Excess of receipts under disbursements	(711,366)	(731,366)	(366,997)	364,369
Transfers out	(199,250)	(199,250)	(133,250)	66,000
<b>Total other financing sources (uses)</b>	<u>(199,250)</u>	<u>(199,250)</u>	<u>(133,250)</u>	<u>66,000</u>
<b>Net change in fund balance</b>	(910,616)	(930,616)	(500,247)	430,369
Fund balance at beginning of year	925,145	925,145	925,145	-
<b>Fund balance at end of year</b>	<u>\$ 14,529</u>	<u>\$ (5,471)</u>	<u>\$ 424,898</u>	<u>\$ 430,369</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2013*

	<u>Water</u>	<u>Sewer</u>	<u>Sewer Capital Improvement</u>	<u>New Well Capital Improvement</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 567,822	\$ 461,360	\$ 120,532	\$ 55,170	\$ 28,710	\$ 1,233,594
Investments	-	-	350,000	225,000	50,914	625,914
Total assets	<u>\$ 567,822</u>	<u>\$ 461,360</u>	<u>\$ 470,532</u>	<u>\$ 280,170</u>	<u>\$ 79,624</u>	<u>\$ 1,859,508</u>
<b>Net Position</b>						
Unrestricted	<u>\$ 567,822</u>	<u>\$ 461,360</u>	<u>\$ 470,532</u>	<u>\$ 280,170</u>	<u>\$ 79,624</u>	<u>\$ 1,859,508</u>
Total net position	<u>\$ 567,822</u>	<u>\$ 461,360</u>	<u>\$ 470,532</u>	<u>\$ 280,170</u>	<u>\$ 79,624</u>	<u>\$ 1,859,508</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2013

	Water	Sewer	Sewer Capital Improvement	New Well Capital Improvement	Other Enterprise Fund	Total Enterprise Funds
<b>Operating Receipts</b>						
Charges for services	\$ 585,016	\$ 692,042	\$ -	\$ -	\$ -	\$ 1,277,058
Other operating receipts	5,188	28	-	-	-	5,216
Total operating receipts	<u>590,204</u>	<u>692,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,274</u>
<b>Operating Disbursements</b>						
Personal services	242,231	255,869	-	-	-	498,100
Travel and transportation	108	108	-	-	-	216
Contractual services	158,504	283,148	-	-	-	441,652
Supplies and materials	115,925	72,433	-	-	-	188,358
Total operating disbursements	<u>516,768</u>	<u>611,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,326</u>
Operating income	<u>73,436</u>	<u>80,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,948</u>
Income before transfers	73,436	80,512	-	-	-	153,948
<b>Transfers</b>						
Transfers in	-	-	6,000	1,407	-	7,407
Transfers out	<u>(16,907)</u>	<u>(6,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,407)</u>
Change in net assets	56,529	74,012	6,000	1,407	-	137,948
Net position beginning of year	<u>511,293</u>	<u>387,348</u>	<u>464,532</u>	<u>278,763</u>	<u>79,624</u>	<u>1,721,560</u>
Net position end of year	<u>\$ 567,822</u>	<u>\$ 461,360</u>	<u>\$ 470,532</u>	<u>\$ 280,170</u>	<u>\$ 79,624</u>	<u>\$ 1,859,508</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2013*

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	<u>Agency</u>
<b>Assets</b>	
Equity in pooled cash and cash equivalents	\$ 617
Investments	<u>12,445</u>
Total assets	<u>\$ 13,062</u>
<b>Net Position</b>	
Deposits	<u>\$ 13,062</u>
Total net position	<u>\$ 13,062</u>

See accompanying notes to the financial statements.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 1 – Reporting Entity**

The Village of Middlefield, Geauga County (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. The Village operates under a council/mayor form of government. Elected officials include six council members, a clerk/treasurer, and a mayor. The Village provides various services including police and fire protection, recreation (including parks), street maintenance and repair, utility (including water and sewer) and general administrative services.

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

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government of the Village of Middlefield provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. Council has direct responsibility for these services.

***Jointly Governed Organizations***

The Village participates in the Northeast Ohio Public Energy Council (NOPEC) jointly governed organization. For more information on jointly governed organizations see Note 15.

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 Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**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 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 statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities and business-type 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 and 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 function or business-type activity 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 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 and enterprise 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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***Fund Accounting***

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

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds: The Village's major governmental funds are the general fund, recreation center construction fund, utility capital improvement fund and the equipment replacement fund.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (continued)**

*General* - 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.

*Recreation Center Construction* - The recreation center construction fund is used to account for monies for the construction of the recreation center.

*Utility Capital Improvement* - The utility capital improvement fund is used to account for and report monies for general improvement of facilities and assets used by the utility functions of the Village.

*Equipment Replacement* - The equipment replacement fund is used to account for and report monies set aside for the replacement of equipment utilized by various Village functions.

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.

*Proprietary Funds*

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The Village does not have an internal service fund.

*Enterprise Funds* - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

*Water Fund* - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

*Sewer Fund* - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

*Sewer Capital Improvement Fund* - This fund is used to record tap-in-fees for new construction and disbursements that are used for sewer treatment expenses.

*New Well Capital Improvement Fund* - This fund is used to record tap-in-fees for new construction and disbursements that are used for water treatment expenses.

*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 agency 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. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments or other organizations. The Village's agency fund accounts for bonds that are returned when construction is complete.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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 agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 the Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

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

***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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage, bond reserves and debt service are reported as "Cash and Cash Equivalents in Segregated Accounts". The Village uses a segregated account to account for bond reserves and represents deposits or short-term investments in certificates of deposit.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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 receipt), respectively.

During 2014 and 2013, the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014 and 2013, respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2014 and 2013 were \$2,641 and \$3,122, which includes \$1,651 and \$2,760 respectively, assigned from other Village funds.

***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 by laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments and the replacement and improvement of capital assets originally acquired with bond proceeds. The Village had no restricted assets.

***Inventory and Prepaid Items***

The Village reports disbursements for inventories 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.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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.

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for their 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 an other financing source nor 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 through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**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 a formal action (ordinance or resolution) 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) it employed to previously commit those amounts. 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 by State statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Interfund Transactions***

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

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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). For 2014 and 2013, the outstanding encumbrances at year end (budgetary basis) amounted to \$395 and \$0, respectively, for the general fund.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 4 – Deposits and Investments**

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

*Active deposits* are public deposits determined to be necessary to meet current demands upon the Village 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 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 may 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 obligation or security 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 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

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.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 4 – Deposits and Investments (continued)**

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits***

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2014 and 2013, none of the Village’s bank balance of \$3,033,907 and \$1,758,157 was exposed to custodial credit risk because those deposits were uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Village’s name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

***Investments***

As of December 31, the Village had the following investments:

Investment Type	2013 Fair Value	2014 Fair Value	Maturity	Rating
Repurchase agreement	\$ 1,244,590	\$ -	Daily	A-1 (1)
Investments reported in General Fund:				
Star Ohio	1,037,424	1,037,736	57 (2)	AAAm (1)
Investments reported in other governmental funds:				
Star Ohio	4,967	4,975	57 (2)	AAAm (1)
Investments reported in Sewer Capital Improvement fund:				
Star Ohio	50,001	50,015	57 (2)	AAAm (1)
Total Investments	<u>\$ 2,336,982</u>	<u>\$ 1,092,726</u>		

- (1) Standard and Poor
- (2) Days (Average)

*Interest rate risk* arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

*Credit risk* is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. STAR Ohio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 4 – Deposits and Investments (continued)**

*Custodial credit risk* is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investment to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

*Concentration of Credit Risk* - The Village places no limit on the amount it may invest in any one issuer. The following investments represent 5% or more of total investment as of December 31:

Investment Issuer	2013 Percentage of Investments	2014 Percentage of Investments
Freddie Mac (repurchase agreement)	53%	0%
STAR Ohio	47%	100%

**Note 5 – Income Taxes**

The Village levies a 1 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1 percent must pay the difference to the Village. Additional increases in income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

Income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. During 2014 and 2013, the receipts were allocated solely to the general fund.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property and public utility property located in the Village. Property tax revenue received during 2014 and 2013 for real and public utility property taxes represents collections of 2013 and 2012 taxes, respectively.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, and 2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 6 – Property Taxes (continued)**

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. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014 and are collected in 2015 with real property taxes and 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected with 2014 real property taxes.

The full tax rates for all Village operations for the years ended December 31, 2014 and 2013, were \$5.22 and \$5.22 respectively, per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2014 and 2013 property tax receipts were based are as follows:

	<u>2014</u>	<u>2013</u>
Real property		
Residential and agricultural	\$ 42,527,410	\$ 42,654,940
Other	39,572,260	39,836,950
Public utility	<u>1,866,190</u>	<u>1,717,680</u>
Total assessed value	<u>\$ 83,965,860</u>	<u>\$ 84,209,570</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.

**Note 7 – Risk Management**

The Village of Middlefield has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability
- Law Enforcement Liability

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the Village are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 and 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan.

The 2014 and 2013 member contribution rates were 10.00% of earnable salary for members in state and local classifications. The Village's 2014 and 2013 employer contribution rate was 14.00% of earnable salary. The Village's required contributions for all plans for the years ended December 31, 2014, 2013, and 2012 were \$87,692, \$101,514, and \$85,237 respectively. The full amount has been contributed for 2014, 2013, and 2012.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

***Ohio Police and Fire Pension Fund***

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

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 8 – Defined Benefit Pension Plans (continued)**

From January 1, 2013 thru July 1, 2013, plan members were required to contribution 10% of their annual covered salary. From July 2, 2013 thru July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 thru December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014 and 2013, employers were required to contribute 19.5% and 24% respectively for police officers and firefighters. The Village's contributions to OP&F for the years ended December 31, 2014, 2013, and 2012 were \$61,724, \$71,486 and \$51,496 respectively. The full amount has been contributed for 2014, 2013, and 2012.

**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 is a cost-sharing, multiple-employer defined benefit pension plan. The Member Directed Plan is a defined contribution plan. The Combined Plan is 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 post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, aged-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014 and 2013, the Village contributed at a rate of 14.00% of earnable salary for state and local employees. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 9 - Postemployment Benefits (continued)**

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. For 2014 and 2013, the portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 2% and 1%, respectively. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees 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.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2014, 2013, and 2012 were \$6,746, \$7,808, and \$47,354 respectively, 100% has been contributed for 2014, 2013, and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension obligation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

***Ohio Police and Fire Pension Fund***

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

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% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer unit. Active members do not make contributions to the OPEB Plan.

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 9 - Postemployment Benefits (continued)**

OP&F maintains funds for health care in two separate accounts. One fund is for health care benefits under an IRS Code Section 115 trust and one fund is for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2014 thru December 31, 2014. 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 and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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 contributions to OP&F allocated to the health care plan for the years ending December 31, 2014, 2013, and 2012 were \$32,678, \$37,846, and \$27,263 respectively. 100% has been contributed for 2014, 2013, and 2012.

**Note 10 – Debt**

The Village's long-term debt activity for the year ended December 31, 2013 was as follows:

	Balance at 1/1/2013	<u>Increase</u>	<u>Decrease</u>	Balance at 12/31/2013	Due within <u>one year</u>
O.P.W.C. Loans - 0%	\$ 387,339	\$ -	\$ 159,521	\$ 227,818	\$ 57,191
O.W.D.A. Loan #4463 - 0%	8,889,722	-	600,470	8,289,252	600,470
O.W.D.A. Loan #4756 - 2.75%	4,159,470	-	216,993	3,942,477	229,176
Capitalized Interest	64,844	-	-	64,844	-
	<u>\$ 13,501,375</u>	<u>\$ -</u>	<u>\$ 976,984</u>	<u>\$ 12,524,391</u>	<u>\$ 886,837</u>

The Village's long-term debt activity for the year ended December 31, 2014 was as follows:

	Balance at 1/1/2014	<u>Increase</u>	<u>Decrease</u>	Balance at 12/31/2014	Due within <u>one year</u>
O.P.W.C. Loans - 0%	\$ 227,818	\$ -	\$ 53,174	\$ 174,644	\$ 106,346
O.W.D.A. Loan #4463 - 0%	8,289,252	-	600,470	7,688,782	443,884
O.W.D.A. Loan #4756 - 2.75%	3,942,477	-	255,388	3,687,089	133,298
Capitalized Interest	64,844	-	-	64,844	-
	<u>\$ 12,524,391</u>	<u>\$ -</u>	<u>\$ 909,032</u>	<u>\$ 11,615,359</u>	<u>\$ 683,528</u>

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 10 – Debt (continued)**

The Ohio Public Works Commission Loans were used for improvements to the Village’s water treatment and sewer treatment systems. The loans will be paid from user charges.

The Ohio Water Development Authority loans were used for the Village’s water and sewer expansion. During 2014, the OWDA finalized these loans and decreased the principal owed for Loan #4756 by \$32,386. This has been included in the decreases above for 2014.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2014 are as follows:

	OPWC Loans - <u>Principal</u>	OWDA Loans - <u>Principal and Interest</u>
Year Ending December 31:		
2015	\$ 106,346	\$ 577,182
2016	8,035	804,306
2017	8,035	810,529
2018	8,035	816,923
2019	8,035	823,494
2020-2024	36,158	4,222,592
2025-2029	-	3,385,689
Total	<u>\$ 174,644</u>	<u>\$ 11,440,715</u>

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**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:

<i>2013 Fund Balances</i>	<i>General</i>	<i>Recreation Center Construction</i>	<i>Utility Capital Improvements</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b><u>Restricted for</u></b>					
Recreation center construction	\$ -	\$ 525,628	\$ -	\$ -	\$ 525,628
Recreation center	-	-	-	1,652	1,652
Law enforcement	-	-	-	35,303	35,303
Street and highway repair	-	-	-	4,379	4,379
Cemetery	-	-	-	121,262	121,262
Amulance levy	-	-	-	104,559	104,559
Sick leave	-	-	-	145,522	145,522
Endowment	-	-	-	2,070	2,070
Trust	-	-	-	593	593
Economic Development	-	-	-	139,916	139,916
Capital improvements	-	-	253,811	374,797	628,608
Total restricted	<u>-</u>	<u>525,628</u>	<u>253,811</u>	<u>930,053</u>	<u>1,709,492</u>
<b><u>Committed for</u></b>					
Capital improvements	-	-	-	88,185	88,185
<b><u>Unassigned</u></b>	<u>424,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,898</u>
Total fund balances	<u>\$ 424,898</u>	<u>\$ 525,628</u>	<u>\$ 253,811</u>	<u>\$ 1,018,238</u>	<u>\$ 2,222,575</u>

<i>2014 Fund Balances</i>	<i>General</i>	<i>Recreation Center Construction</i>	<i>Utility Capital Improvements</i>	<i>Equipment Replacement</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b><u>Restricted for</u></b>						
Recreation center construction	\$ -	\$ 527,045	\$ -	\$ -	\$ -	\$ 527,045
Recreation center	-	-	-	-	4,549	4,549
Law enforcement	-	-	-	-	34,284	34,284
Street and highway repair	-	-	-	-	5,750	5,750
Cemetery	-	-	-	-	111,258	111,258
Amulance levy	-	-	-	-	84,468	84,468
Sick leave	-	-	-	-	147,272	147,272
Endowment	-	-	-	-	2,070	2,070
Trust	-	-	-	-	593	593
Economic Development	-	-	-	-	139,916	139,916
Capital improvements	-	-	279,828	240,548	141,429	661,805
Total restricted	<u>-</u>	<u>527,045</u>	<u>279,828</u>	<u>240,548</u>	<u>671,589</u>	<u>1,719,010</u>
<b><u>Committed for</u></b>						
Capital improvements	-	-	-	-	36,010	36,010
<b><u>Assigned</u></b>						
Encumbrances	395	-	-	-	-	395
Total assigned	<u>395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395</u>
<b><u>Unassigned</u></b>						
	<u>457,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,354</u>
Total fund balances	<u>\$ 457,749</u>	<u>\$ 527,045</u>	<u>\$ 279,828</u>	<u>\$ 240,548</u>	<u>\$ 707,599</u>	<u>\$ 2,212,769</u>

**Village of Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 12 - Interfund Transactions**

The following is a reconciliation of the Village's transfers:

Fund	2014		2013	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ 314,000	\$ 189,556	\$ -	\$ 133,250
Police levy	-	10,000	-	8,000
Street construction, maintenance and repair	60,037	-	10,000	-
State highway	22,032	-	6,000	-
Utility capital improvements	2	-	-	-
Cemetery	-	-	18,000	-
Parks and recreation	95,417	-	64,000	-
Equipment replacement	40,226	-	53,000	-
Sick leave	1,750	-	6,250	-
Subtotal Nonmajor Governmental Funds	<u>219,464</u>	<u>10,000</u>	<u>157,250</u>	<u>8,000</u>
Sewer capital improvements	19,925	-	-	-
New well capital improvements	5,076	-	-	-
Water revenue	-	210,576	6,000	16,907
Water emergency	167	-	-	-
Sewer revenue	-	148,500	1,407	6,500
Total Enterprise Funds	<u>25,168</u>	<u>359,076</u>	<u>7,407</u>	<u>23,407</u>
Total	<u>\$ 558,632</u>	<u>\$ 558,632</u>	<u>\$ 164,657</u>	<u>\$ 164,657</u>

Transfers are made from the general fund to subsidize operations of other funds. Transfers are also made from other funds to move money for the payment of debt and capital disbursements. Transfers were in accordance with budgetary authorizations and Ohio Revised Code provisions.

**Note 13 – Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of disbursements which may be disallowed, by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

**Note 14 – Northeast Ohio Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 126 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 Middlefield**  
**Geauga County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

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**Note 14 – Northeast Ohio Energy Council (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 oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village of Middlefield did not contribute to NOPEC during 2012. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, and 31320 Solon Road, Suite 20 Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

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# Dave Yost • Auditor of State

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

Village of Middlefield  
Geauga County  
14860 North State Avenue  
P.O. Box 1019  
Middlefield, Ohio 44062

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Middlefield, Geauga County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 22, 2016, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 22, 2016

**VILLAGE OF MIDDLEFIELD  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Village's Performance Bond Agency Fund cash balance was overstated by \$54,207, and the remaining Performance Bond fund balance was \$13,207, the General Fund cash balance was understated by \$54,207 at December 31, 2014 and 2013. A subsequent adjustment was made to the Village's financial statements and accounting system for 2014 and 2013.

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout each year.

We recommend the Village take appropriate measures to ensure all financial reports and accounting system cash balances reflected are in agreement with and depict the accurate financial position of the Village.

**Official's Response:** The prior Fiscal Officer incorrectly posted revenues to the Performance Bond fund in 2013. The current Fiscal Officer will ensure comprehensive reviews of the prepared financial statements are correctly reported in the future.

VILLAGE OF MIDDLEFIELD  
GEAUGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Financial Reporting	No	Repeated as 2014-001



# Dave Yost • Auditor of State

**VILLAGE OF MIDDLEFIELD**

**GEAUGA 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  
MARCH 24, 2016**