



Mary Taylor, CPA
Auditor of State

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

October 30, 2009

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

This discussion and analysis of the performance of the Village of Mayfield, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities decreased \$2,905,399 or 27.1 percent, a significant decrease compared to 2006. This decrease in net assets is primarily attributable to the completion of the Highland Road, Metro Park Drive and Zorn Lane septic systems conversion project. Approximately \$2,200,000 was spent on this project during 2007. Additionally, approximately \$1,400,000 was disbursed out of the Capital Improvement Fund during 2007 for the purchase of certain real estate to be used for future developmental purposes.
- The Village's general receipts are primarily made up of municipal income taxes, property taxes, and tax incremental financing revenue or payments in lieu of taxes, which are included in the property and other local taxes line item in the basic financial statements. Property taxes (including payments in lieu of taxes) increased by \$47,156 or 2.75%; municipal income taxes decreased \$464,549 or 4.54%.
- Total disbursements decreased \$3,818,113 or 14.90% as compared to 2006. The General Fund and General Bond Retirement Fund disbursements decreased by \$293,250 and \$1,943,852, respectively. These decreases were offset by increases in disbursements in the Capital Improvement Fund and Highland/Metro/Zorn Sewer Fund of \$1,118,921 and \$1,406,827, respectively.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting.

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

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited
(Continued)**

Reporting the Village's Most Significant Funds

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

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

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited
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The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

Governmental Activities

	2007	2006
Assets		
Cash and Cash Equivalents	\$7,803,624	\$10,709,023
Total Assets	7,803,624	10,709,023
Net Assets		
Restricted for:		
Debt Service	272,781	313,411
Capital Projects	5,376,744	7,401,051
Other Purposes	1,000,761	1,346,395
Unrestricted	1,153,338	1,648,166
Total Net Assets	\$7,803,624	\$10,709,023

As mentioned previously, net assets of governmental activities decreased \$2,905,399 or 27.1 percent during 2007. The decrease in cash balances was primarily due to the completion of the Highland Road, Metro Park Drive and Zorn Lane septic systems conversion project. Approximately \$2,200,000 was spent on this project during 2007. Additionally, approximately \$1,400,000 was disbursed out of the Capital Improvement Fund during 2007 for the purchase of certain real estate to be used for future developmental purposes.

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Management's Discussion and Analysis
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Table 2 reflects components of the changes in net assets in 2007 and 2006 on a cash basis.

(Table 2)
Changes in Net Assets

Governmental Activities		
Charges for Services and Sales	\$833,775	\$737,305
Operating Grants and Special Assessments	85,072	241,312
Capital Grants and Special Assessments	123,578	383,099
Total Program Receipts	<u>1,042,425</u>	<u>1,361,716</u>
General Receipts:		
Property Taxes (and Other Local)	900,421	880,764
Municipal Income Taxes	9,776,729	10,241,278
Payment in Lieu of Taxes	859,745	832,246
Grants and Entitlements Not Restricted to Specific Programs	591,769	565,400
Proceeds of Notes	3,810,000	3,650,000
Proceeds of Bonds	0	7,390,000
Premium on Debt Issue	17,726	29,646
Proceeds of OPWC Loans	32,973	232,872
Proceeds of S.I.B. Loans	0	1,819,803
Proceeds of OWDA Loans	800,000	0
Sale of Capital Assets	20,946	175,409
Sale of Land	0	3,000,000
Investment Income	488,410	194,722
Miscellaneous	553,633	452,186
Total General Receipts	<u>17,852,352</u>	<u>29,464,326</u>
Total Receipts	<u>18,894,777</u>	<u>30,826,042</u>
Disbursements:		
General Government	3,003,998	2,671,107
Security of Persons and Property	5,081,109	4,730,944
Public Health Services	14,051	21,571
Leisure Time Activities	1,101,098	1,176,460
Community Environment	513,093	478,296
Basic Utility Services	196,698	264,266
Transportation	2,442,518	2,262,031
Capital Outlay	4,283,129	6,967,394
Principal Retirement	4,500,008	6,500,235
Interest and Fiscal Charges	664,474	545,985
Total Disbursements	<u>21,800,176</u>	<u>25,618,289</u>
Increase (Decrease) in Net Assets	(2,905,399)	5,207,753
Net Assets, Beginning of Year	<u>10,709,023</u>	<u>5,501,270</u>
Net Assets, End of Year	<u><u>\$7,803,624</u></u>	<u><u>\$10,709,023</u></u>

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(Continued)**

Program receipts represent 5.52 percent of total receipts in 2007.

General receipts represent 94.48 percent of the Village's total receipts, and of this amount, 26.11 percent is proceeds of bonds, notes, and loans and 64.62 percent is income, property and payment in lieu of taxes. State and federal grants and entitlements, proceeds from sale of capital assets, investment income, and miscellaneous receipts make up the balance of the Village's general receipts.

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

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

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities were for Capital Outlay, Principal Retirement, and Security of Persons and Property, which account for 19.65, 20.64, and 23.31 percent of cash disbursements for governmental activities, respectively. General Government also represented a significant cost of 13.78 percent of cash disbursements for governmental activities. The next three columns of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants and special assessments received by the Village that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2007	Net Cost of Services 2007
General Government	\$3,003,998	\$2,881,756
Security of Persons and Property	5,081,109	4,751,769
Public Health Services	14,051	10,201
Leisure Time Activities	1,101,098	678,265
Community Environment	513,093	512,362
Basic Utility Services	196,698	196,698
Transportation	2,442,518	2,402,573
Capital Outlay	4,283,129	4,280,223
Principal Retirement	4,500,008	4,379,430
Interest and Fiscal Charges	664,474	664,474
Total Expenses	\$21,800,176	\$20,757,751

**VILLAGE OF MAYFIELD
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Management's Discussion and Analysis
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The dependence upon general receipts is apparent as over 95 percent of governmental activities are supported through these general receipts.

The Village's Funds

Total governmental funds had receipts and other financing sources of \$18,894,777 and disbursements and other financing uses of \$21,800,176. The greatest change within governmental funds occurred within the Highland/Metro/Zorn Sewer Fund where the fund balance decreased by \$1,065,832. This decrease was the result of the completion of the septic systems conversion project. The fund balance of the General Fund decreased \$494,828 or 30.02%, primarily the result of transfers out of the General Fund during 2007.

General Fund Budgeting Highlight

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

During 2007, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were equal to original budgeted receipts. Final budgeted disbursements were \$157,594 less than original budgeted disbursements. Actual receipts were \$1,559,217 less than the final budgeted receipts. Actual disbursements were \$248,296 less than the final budgeted disbursements.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Village had outstanding long-term debt in the amount of \$14,871,553.

The Village's debt at December 31, 2007 included \$1,740,000 in general obligation bonds issued for construction of the fire station, \$4,375,000 in general obligation bonds issued for the construction of the police station, and \$975,000 in general obligation bonds issued for construction of the Highland Road underpass.

Also included in the Village's debt at December 31, 2007 is \$170,413 in Ohio EPA Supplement loans which relate to the Worton Park Sanitary Sewer System Project. The Village also has an Ohio Public Works Commission (OPWC)/Issue II interest free loan with the remaining principal amount of \$134,699 which relates to the Worton Park Sanitary Sewer System Project. The debt service on the loans related to the Worton Park Sanitary Sewer System Project is offset by the \$35,000 annual special assessments collected from the residents of Worton Park.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
Management's Discussion and Analysis
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(Continued)**

In addition to more than \$9,400,000 in grants, the S.O.M. Center Road Widening Project was financed through an OPWC/Issue II interest free loan. The final loan amount was \$902,368 and the remaining principal amount was \$879,809 at December 31, 2007. In addition to the OPWC loan, the Village has two State Infrastructure Bank (S.I.B.) Loans from the Ohio Department of Transportation. The first S.I.B. loan is being repaid over a seventeen year period with a 4% interest rate. As of December 31, 2007, the outstanding balance of the first S.I.B. loan was \$2,528,543. The second S.I.B. loan will be repaid over nine years with a 3% interest rate. The loan includes a one-time upfront administrative fee of \$10,000. Including the administrative fee of \$10,000, the outstanding balance of the second S.I.B. loan as of December 31, 2007 was \$3,268,089. The debt service payments for both S.I.B. loans are offset by annual special assessments paid by Progressive Insurance Company and annual Tax Incremental Financing Payments or Payments in Lieu of Taxes of approximately \$900,000 per year.

The Village issued notes payable for the purpose of acquiring certain real estate, existing buildings and other structures located thereon for the purpose of improving the parks and recreation system and to conserve, preserve and enhance the availability of open spaces in the Village. They are dated September 9, 2007, mature on September 9, 2008 and bear interest at the rate of 4.25 percent.

The \$3.1 million Highland Road, Metro Park Drive and Zorn Lane septic systems conversion project was partially funded with an \$800,000 loan from the OWDA. This loan is payable in semi-annual installments over 20 years at an interest rate of 3.25% with the first payment due in January 2008.

For further information regarding the Village's debt, refer to Notes 8 and 9 to the basic financial statements.

Current Issues

The Village continues to carefully monitor the economic situation on the national, state and local level. Income tax revenue is projected to decrease in the future due to the historic downturn in the global economy. Department Heads have judiciously cut back their 2008 budgets to compensate for this projected decrease in revenue.

The challenge for the Village has been to balance development while maintaining the distinct characteristics that distinguish the Village. The Village has reinvested much of its revenue into property acquisition and has undertaken major capital improvement and building projects. The Village has facilitated the conversion from septic systems to sanitary sewers and subsidized the conversions so that the process has not been financially overwhelming for residents affected.

Contacting Mayfield Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ronald C. Wynne, CPA, Director of Finance, Mayfield Village, 6622 Wilson Mills Road, Mayfield Village, Ohio 44143. Mr. Wynne can be contacted via email at wynne@mayfieldvillage.com or via the Village website at www.mayfieldvillage.com.

**Village of Mayfield
Cuyahoga County**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,803,624</u>
<i>Total Assets</i>	<u><u>\$7,803,624</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$5,376,744
Debt Service	272,781
Other Purposes	1,000,761
Unrestricted	<u>1,153,338</u>
<i>Total Net Assets</i>	<u><u>\$7,803,624</u></u>

See accompanying notes to the basic financial statements

**Village of Mayfield
Cuyahoga County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Special Assessments	Total
Governmental Activities					
General Government	\$3,003,998	\$122,242	\$0	\$0	(\$2,881,756)
Security of Persons and Property	5,081,109	242,939	83,401	3,000	(4,751,769)
Public Health Services	14,051	3,850	0	0	(10,201)
Leisure Time Activities	1,101,098	421,162	1,671	0	(678,265)
Community Environment	513,093	731	0	0	(512,362)
Basic Utility Services	196,698	0	0	0	(196,698)
Transportation	2,442,518	39,945	0	0	(2,402,573)
Capital Outlay	4,283,129	2,906	0	0	(4,280,223)
Principal Retirement	4,500,008	0	0	120,578	(4,379,430)
Interest and Fiscal Charges	664,474	0	0	0	(664,474)
	<u>21,800,176</u>	<u>833,775</u>	<u>85,072</u>	<u>123,578</u>	<u>(20,757,751)</u>
<i>Total Governmental Activities</i>	<u>\$21,800,176</u>	<u>\$833,775</u>	<u>\$85,072</u>	<u>\$123,578</u>	<u>(\$20,757,751)</u>
General Receipts					
Property Taxes Levied for:					
					261,233
					467,280
					9,776,729
					591,769
					171,908
					859,745
					32,973
					800,000
					3,810,000
					17,726
					20,946
					488,410
					553,633
					<u>17,852,352</u>
					Change in Net Assets (2,905,399)
					<u>Net Assets Beginning of Year 10,709,023</u>
					<u>Net Assets End of Year \$7,803,624</u>

See accompanying notes to the basic financial statements

**Village of Mayfield
Cuyahoga County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	General Bond Retirement	Municipal Complex Center	Highland/ Metro/Zorn Sewer	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,153,338	\$272,781	\$4,474,573	\$28,482	\$1,874,450	\$7,803,624
<i>Total Assets</i>	<u>\$1,153,338</u>	<u>\$272,781</u>	<u>\$4,474,573</u>	<u>\$28,482</u>	<u>\$1,874,450</u>	<u>\$7,803,624</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$458,704	\$0	\$302,319	\$0	\$50,691	\$811,714
Unreserved						
Undesignated (Deficit), Reported in:						
General Fund	694,634	0	0	0	0	694,634
Special Revenue Funds	0	0	0	0	950,070	950,070
Debt Service Fund	0	272,781	0	0	0	272,781
Capital Projects Funds	0	0	4,172,254	28,482	873,689	5,074,425
<i>Total Fund Balances</i>	<u>\$1,153,338</u>	<u>\$272,781</u>	<u>\$4,474,573</u>	<u>\$28,482</u>	<u>\$1,874,450</u>	<u>\$7,803,624</u>

See accompanying notes to the basic financial statements

**Village of Mayfield
Cuyahoga County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	General Bond Retirement	Municipal Complex Center	Highland/ Metro/Zorn Sewer	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Tax	\$9,776,729	\$0	\$0	\$0	\$0	\$9,776,729
Property and Other Local Taxes	257,902	1,327,024	0	0	189,597	1,774,523
Special Assessments	0	120,578	0	0	78,821	199,399
Charges for Services	495,593	0	0	0	28,562	524,155
Fines, Licenses and Permits	291,235	0	0	0	0	291,235
Intergovernmental	390,583	37,395	0	0	173,042	601,020
Investment Income	203,766	8,919	223,355	47,096	5,274	488,410
Miscellaneous	536,409	0	0	0	21,252	557,661
Total Receipts	11,952,217	1,493,916	223,355	47,096	496,548	14,213,132
Disbursements						
Current:						
General Government	2,524,700	33,616	0	0	445,682	3,003,998
Security of Persons and Property	4,869,635	0	0	0	211,474	5,081,109
Public Health Services	12,773	0	0	0	1,278	14,051
Leisure Time Activities	1,099,598	0	0	0	1,500	1,101,098
Community Environment	512,616	0	0	0	477	513,093
Basic Utility Services	150,471	0	0	0	46,227	196,698
Transportation	2,237,681	0	0	0	204,837	2,442,518
Capital Outlay	380,475	0	267,632	2,212,928	1,422,094	4,283,129
Debt Service:						
Principal Retirement	30,042	4,469,966	0	0	0	4,500,008
Interest and Fiscal Charges	0	664,474	0	0	0	664,474
Total Disbursements	11,817,991	5,168,056	267,632	2,212,928	2,333,569	21,800,176
Excess of Receipts Over (Under) Disbursements	134,226	(3,674,140)	(44,277)	(2,165,832)	(1,837,021)	(7,587,044)
Other Financing Sources (Uses)						
Proceeds from Notes	0	1,950,000	0	0	1,860,000	3,810,000
Proceeds from OPWC Loans	0	0	0	0	32,973	32,973
Proceeds from OWDA Loans	0	0	0	800,000	0	800,000
Premium (Discount) on Debt Issue	0	9,072	0	0	8,654	17,726
Sale of Capital Assets	20,946	0	0	0	0	20,946
Transfers In	0	1,674,438	0	300,000	150,000	2,124,438
Transfers Out	(650,000)	0	0	0	(1,474,438)	(2,124,438)
Total Other Financing Sources (Uses)	(629,054)	3,633,510	0	1,100,000	577,189	4,681,645
Net Change in Fund Balances	(494,828)	(40,630)	(44,277)	(1,065,832)	(1,259,832)	(2,905,399)
Fund Balances Beginning of Year	1,648,166	313,411	4,518,850	1,094,314	3,134,282	10,709,023
Fund Balances End of Year	\$1,153,338	\$272,781	\$4,474,573	\$28,482	\$1,874,450	\$7,803,624

See accompanying notes to the basic financial statements

**Village of Mayfield
Cuyahoga County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Tax	\$11,216,780	\$11,216,780	\$9,776,729	(\$1,440,051)
Property and Other Local Taxes	266,556	266,556	257,902	(8,654)
Charges for Services	519,297	519,297	495,593	(23,704)
Fines, Licenses and Permits	280,090	280,090	291,235	11,145
Intergovernmental	571,727	571,727	390,583	(181,144)
Investment Income	205,124	205,124	264,694	59,570
Miscellaneous	451,860	451,860	475,481	23,621
<i>Total Receipts</i>	13,511,434	13,511,434	11,952,217	(1,559,217)
Disbursements				
Current:				
General Government	2,523,618	2,527,130	2,661,390	(134,260)
Security of Persons and Property	4,635,826	4,642,277	5,029,375	(387,098)
Public Health Services	21,608	21,638	12,773	8,865
Leisure Time Activities	1,211,257	1,212,942	1,127,895	85,047
Community Environment	480,487	481,156	516,640	(35,484)
Basic Utility Services	227,388	227,704	225,244	2,460
Transportation	2,292,639	2,295,830	2,292,861	2,969
Capital Outlay	1,114,762	1,116,314	380,475	735,839
Debt Service:				
Principal Retirement	0	0	30,042	(30,042)
<i>Total Disbursements</i>	12,507,585	12,524,991	12,276,695	248,296
<i>Excess of Receipts Over (Under) Disbursements</i>	1,003,849	986,443	(324,478)	(1,310,921)
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	20,946	20,946
Transfers Out	(1,025,000)	(850,000)	(650,000)	200,000
<i>Total Other Financing Sources (Uses)</i>	(1,025,000)	(850,000)	(629,054)	220,946
<i>Net Change in Fund Balance</i>	(21,151)	136,443	(953,532)	(1,089,975)
<i>Fund Balance, Beginning of Year</i>	850,709	850,709	850,709	0
Prior Year Encumbrances Appropriated	797,457	797,457	797,457	0
<i>Fund Balance, End of Year</i>	\$1,627,015	\$1,784,609	\$694,634	(\$1,089,975)

See accompanying notes to the basic financial statements

**Village of Mayfield
Cuyahoga County**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007*

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$78,629</u>
<i>Total Assets</i>	<u><u>\$78,629</u></u>
Net Assets	
Unrestricted	<u>\$78,629</u>
<i>Total Net Assets</i>	<u><u>\$78,629</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1. DESCRIPTION OF THE ENTITY

The Village of Mayfield, Cuyahoga County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council and Mayor.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of roads, rubbish collection, sanitary sewer/storm sewer facilities, building, zoning, and fire and police protection.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village had no component units.

C. Jointly Governed Organization

The Village participates in the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. Note 13 to the financial statements provides additional information for this entity.

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 Note 2.C, 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.

A. Basis of Presentation

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

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. 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. Funds are used to segregate resources that are restricted as to use. The Village's funds are classified as either governmental or fiduciary.

GOVERNMENTAL FUNDS

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund Balance is available to the Village for any purpose provided it is expanded or transferred accordingly to the general laws of Ohio.

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

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

GOVERNMENTAL FUNDS (Continued)

Municipal Complex Center Fund – This fund receives the proceeds from public debt and transfers from the General Fund to finance the construction of various buildings that make up the Municipal Center.

Highland Road, Metro Park Drive, and Zorn Lane Sewer Construction Project – This fund receives the proceeds from public debt and transfers from the General Fund to finance the construction of the Highland Road, Metro Park Drive, and Zorn Lane sanitary sewers.

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

FIDUCIARY FUNDS

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village maintains two agency funds, the Performance Bond and Bail Bond funds. The Performance Bond fund is used to account for the collection and distribution of contractor's performance bonds. The Bail Bond fund receives bail bond money which is remitted to the Lyndhurst Municipal Court.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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.

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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

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

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

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

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

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

During 2007, the Village invested in U.S. Government Securities, STAR Ohio, a savings bond, an overnight repurchase agreement, and stock. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices or, in the case of mutual funds, current share price. Non-participating investment contracts such as repurchase agreements are reported at cost.

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, 2007.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

Earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Receipts credited to the General Fund during 2007 were \$203,766 which includes \$114,347 assigned from other Village funds. An unrealized gain in stock in the General Fund of \$60,928 is included in the interest earnings of \$203,766.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

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

H. 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.

I. 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.

J. 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 10 and 11, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the 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 expenditures are reported at inception. Lease payments are reported when paid.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction maintenance and repair, the civic center, and infrastructure improvements.

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

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

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

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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, \$659,279 of the Village's bank balance of \$827,973 was exposed to custodial credit risk because those deposits were uninsured and 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 one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturity</u>
STAR Ohio	\$59,531	60 days
FHLB Bonds	1,975,823	87-176 days
FHLM Corp.	248,792	272 days
FMNA Notes	2,944,709	258-448 days
Savings Bond	1,000	12 years
Overnight Repurchase Agreement	1,233,121	1 day
WellPoint Stock	591,300	1 day
Total	<u>\$7,054,276</u>	

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rate changes and according to state law, the Village's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Village's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, 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 investment or collateral securities that are in the possession of an outside party. Of the Village's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Village.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Risk: The Village places no limit on the amount that may be invested in any one issuer. The Village's investments in STAR Ohio, FHLB, FHLMC, FNMA, Savings Bond, Overnight Repurchase Agreement and WellPoint Stock represent 0.84%, 28.01%, 3.53%, 41.74%, 0.02%, 17.48% and 8.38% respectively.

NOTE 4. COMPLIANCE

A. Expenditures plus Encumbrances Exceeding Appropriations

Contrary to Ohio Revised Code Section 5705.41(B), the Village had expenditures plus encumbrances in excess of appropriations plus prior year carryover of appropriations as of December 31, 2007 in the following fund:

<u>Fund Description</u>	<u>Appropriations plus Prior Year Carryover as of December 31, 2007</u>	<u>Expenditures Plus Encumbrances as of December 31, 2007</u>	<u>Variance</u>
Capital Projects:			
Capital Improvement Fund	\$1,131,063	\$2,107,936	\$976,873

NOTE 5. 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 outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$458,704 for the General Fund.

NOTE 6. PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 6. PROPERTY TAX (Continued)

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.50 percent. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$7.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$104,849,680
Other Real Estate	72,830,010
Tangible Personal Property	
Public Utility	4,141,320
General	15,990,428
Total Assessed Values	<u>\$197,811,438</u>

NOTE 7. LOCAL INCOME TAX

The Village levies a 1.5 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another municipality or 100 percent of the 1.5 percent tax rate on taxable income.

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 8. NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2007, follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
Governmental Activities					
Bond Anticipation Notes - 2006 Issue (\$3,000,000)	6.00%	\$3,000,000	\$0	(\$3,000,000)	\$0
Bond Anticipation Notes - 2006 Issue (\$650,000)	6.00%	650,000	0	(650,000)	0
Bond Anticipation Notes - 2007 Issue (\$3,810,000)	4.25%	0	3,810,000	0	3,810,000
Total		<u>\$3,650,000</u>	<u>\$3,810,000</u>	<u>(\$3,650,000)</u>	<u>\$3,810,000</u>

The Bond Anticipation Notes were issued for the acquisition of real estate, are backed by the full faith and credit of the Village and mature within one year.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 9. DEBT

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	(Reductions)	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Fire Station G.O. Refunding Bonds - 2006 Issue (\$1,890,000)	variable	\$1,890,000	\$ 0	(\$150,000)	\$ 1,740,000	\$ 170,000
Police Station G.O. Bonds- 2006 Issue (\$4,500,000)	variable	4,500,000	0	(125,000)	4,375,000	160,000
Highland Road Underpass G.O. Bonds- 2006 Issue (\$1,000,000)	variable	1,000,000	0	(25,000)	975,000	35,000
OPWC Loans - 1996 Issue (\$299,329)	0%	149,665	0	(14,966)	134,699	14,967
OPWC Loans - 2003 Issue (\$902,368)	0%	869,395	32,973	(22,559)	879,809	45,118
Ohio EPA Supplement Loans - 1996 Issue (\$309,372)	4.04% & 4.16%	178,171	0	(7,758)	170,413	15,998
OWDA – Sewer Construction Loan – 2007 Issue (\$800,000)	3.25%	0	800,000	0	800,000	28,945
State Infrastructure Bank Loan - 1998 Issue (\$3,445,275)	4.00%	2,623,789	0	(95,246)	2,528,543	198,058
State Infrastructure Bank Loan - 2004 Issue (\$3,990,000)	3.00%	3,681,800	0	(413,711)	3,268,089	426,216
Total		<u>\$14,892,820</u>	<u>\$832,973</u>	<u>(\$854,240)</u>	<u>\$14,871,553</u>	<u>\$1,094,302</u>

The General Obligation Bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The \$1,890,000 Refunding General Obligation Bonds were issued to fund the construction of a fire station. The \$4,500,000 General Obligation Bonds were issued to fund the construction of a new police station. The \$1,000,000 General Obligation Bonds were issued to fund the construction of an underpass on Highland Road.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 9. DEBT (Continued)

The Ohio Public Works Commission (Issue II) Loans are interest free loans. The \$134,699 in principal relates to the Worton Park Sanitary Sewer System construction. The loan will be repaid over twenty years at 0% interest. The \$879,809 in principal relates to the S.O.M. Center Road Widening Project. The loan will be repaid over 20 years at 0% interest.

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

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

In 2007, the Village received an Ohio Water Development Authority in the amount of \$800,000. As of December 31, 2007, the amortization schedule has not been finalized by the OWDA. Therefore the schedule below does not reflect future payments of this loan.

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

Year	G.O. Bonds (Including Refunding Bonds)		OPWC Loans		Ohio EPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$365,000	\$284,417	\$60,085	0	\$15,998	\$6,853
2009	370,000	269,818	60,085	0	16,663	6,187
2010	390,000	255,017	60,085	0	17,357	5,494
2011	400,000	239,418	60,085	0	18,079	4,773
2012	415,000	223,417	60,085	0	18,830	4,020
2013-2017	2,105,000	838,190	285,459	0	83,486	7,917
2018-2022	1,540,000	488,583	225,592	0	0	0
2023-2027	1,505,000	154,200	203,032	0	0	0
Total	<u>\$7,090,000</u>	<u>\$2,753,060</u>	<u>\$1,014,508</u>	<u>\$0</u>	<u>\$170,413</u>	<u>\$35,244</u>

Year	S.I.B. Loans		Total	
	Principal	Interest	Principal	Interest
2008	\$624,274	\$218,853	\$1,065,357	\$510,123
2009	647,690	195,938	1,094,438	471,943
2010	672,057	172,100	1,139,499	432,611
2011	697,415	147,298	1,175,579	391,489
2012	723,807	121,492	1,217,722	348,929
2013-2017	2,431,389	241,781	4,905,334	1,087,888
2018-2022	0	0	1,765,592	488,583
2023-2027	0	0	1,708,032	154,200
Total	<u>\$5,796,632</u>	<u>\$1,097,462</u>	<u>\$14,071,553</u>	<u>\$3,885,766</u>

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 9. DEBT (Continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$10,050,576 and an unvoted debt margin of \$7,250,004.

The Village has defeased certain debt issues by placing cash with a trustee in an amount sufficient to pay all debt principal and interest payments when they come due. The principal amount of the defeased debt outstanding at December 31, 2007 was \$1,705,000. The cash and investments held by the trustee are not included in the Village's assets nor are the outstanding bonds included above.

NOTE 10. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. The Village's contribution rate for 2007 was 13.85 percent. For 2007, a portion of the Village's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$289,880, \$293,887, and \$290,749 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$5,046 made by the Village and \$3,461 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - 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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers and 24 for firefighters. Contribution rates are established by State statute. For 2007, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's contributions to the Fund for police and firefighters were \$163,688 and \$132,333 for the year ended December 31, 2007, \$143,229 and \$118,687 for the year ended December 31, 2006 and \$135,168 and \$109,974 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006 and 2005.

NOTE 11. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and combined Plans must have 10 or more years of qualified service credit. Health care coverage for disability benefit recipients and qualified survivor benefits recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 11. POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$190,940, \$143,749 and \$119,900 respectively. The full amount has been contributed for 2007, 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an other postemployment 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 healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 11. POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund

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.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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 which were allocated to fund postemployment healthcare benefits for police and firefighters were \$86,659 and \$51,782 for the year ended December 31, 2007, \$94,470 and \$56,604 for the year ended December 31, 2006, and \$90,531 and \$54,974 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 12. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Village contracted with Selective Insurance for various types of insurance coverage as follows:

<u>Types of Coverage</u>	<u>Amount of Coverage</u>
Commercial Property	\$17,419,313
General Liability	1,000,000
Commercial Crime	100,000
Inland Marine	360,855
Automobile	1,000,000
Police Liability	1,000,000
Employment	
Practice Liability	1,000,000
Public Officials	1,000,000
Umbrella Coverage	5,000,000

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

The Village pays the State Workers' Compensation System a premium based on a rate of \$3.83 per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village provides all of its full-time employees and two of its part-time employees with hospitalization and dental insurance. The former is provided through WellPoint Insurance Company (formerly Anthem) and the latter is provided through Guardian Insurance Company.

NOTE 13. JOINTLY GOVERNED ORGANIZATION

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 and gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and gas 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 and gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2007. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website, www.nopecinfo.org.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

NOTE 14. INTERFUND TRANSFERS

During 2007, the Village made the following transfers:

Transfers from the General Fund to:

General Bond Retirement Fund	\$200,000
Highland/Metro/Zorn/Sewer Capital Project Fund	300,000
Other Governmental Funds	<u>150,000</u>
Total Transfers from the General Fund	<u><u>\$650,000</u></u>

Transfers from Other Governmental Funds to:

General Bond Retirement Fund	<u>\$1,474,438</u>
Total Transfers from Other Governmental Funds	<u><u>\$1,474,438</u></u>

Transfers from the General Fund represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers from Other Governmental Funds represent remaining debt proceeds, primarily from the Capital Improvement, Parkview Ballfields Construction, Northwest Quadrant and S.O.M. Center Road Widening Funds.

NOTE 15. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

As of December 31, 2007, the Village had a remaining contractual commitment in the amount of \$77,290 with Camino Construction for the Sanitary Sewer Base Project. Additionally, for the New Police Station Project, the Village had remaining contractual commitments of \$111,000 with R.C.U. Architects and \$266,000 with Marous Brothers Construction.

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Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, (the Village) as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider finding 2007-003 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. Of the significant deficiencies described above, we believe finding number 2007-003 is also a material weakness.

We also noted certain matters that we reported to the Village's management in a separate letter dated October 30, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 30, 2009.

The Village's response to the findings 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.

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



Mary Taylor, CPA
Auditor of State

October 30, 2009

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Timely Depositing of Public Money

Ohio Revised Code Section 9.38 states, in part, public money must be deposited with the Director of Finance or with a properly designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

For example, a Village employee, other than the Director of Finance collecting funds and issuing a receipt, must deposit the funds with the Director of Finance on the business day following the day of receipt.

As an alternative to depositing the funds with the Director of Finance, the employee instead may deposit funds with the Village's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. Only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

We noted 21 out of 29 recreation and service department charges for services and miscellaneous receipts tested, or \$17,060 out of \$209,128 tested, were not deposited timely in accordance with the above Revised Code requirement. Delays of this nature could cause receipts to be lost or misplaced without being detected in a timely manner.

We recommend the Village deposit monies with the Director of Finance or a designated depository in accordance with the above Revised Code requirement.

MANAGEMENT'S RESPONSE:

The Village Director of Finance will work closely with all departments collecting money to make sure all collections are deposited in a timely manner in accordance with the above Ohio Revised Code section.

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-002

Noncompliance Citation

Expenditures plus Encumbrances Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure or an expenditure plus encumbrances unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Village may not exceed appropriations at the legal level of control for all funds.

The following fund had expenditures plus encumbrances in excess of appropriations plus prior year carry over of appropriation as of December 31, 2007:

<u>Fund Description</u>	<u>Appropriations plus Prior Year Carryover as of December 31, 2007</u>	<u>Expenditures Plus Encumbrances as of December 31, 2007</u>	<u>Variance</u>
Capital Projects:			
Capital Improvement Fund	\$1,131,063	\$2,107,936	\$976,873

This may lead to the expending of money from inappropriate funds and negative fund balances.

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

MANAGEMENT'S RESPONSE:

The Village Director of Finance will monitor expenditures and appropriations throughout the year to ensure compliance with the above section of the Ohio Revised Code.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-003

Financial Reporting – Significant Deficiency/Material Weakness

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

The following weaknesses were noted and subsequent adjustments made to the financial statements and, where applicable, to the Village's accounting records:

1. An adjusting entry of \$92,414 in the Governmental Activities to correct a miss-posting of Other Local Tax Revenue as Property Taxes Levied for General Purposes.
2. An adjusting entry of \$37,394 in the Governmental Activities to correct a miss-posting of Other Local Tax Revenue as Property Taxes Levied for Debt Service.
3. An adjusting entry of \$1,671 in the Governmental Activities to correct a miss-posting of Operating Grants and Special Assessments Program Receipts – General Government as Operating Grants and Special Assessments Program Receipts – Leisure Time Activities.
4. An adjusting entry of \$120,578 in the Governmental Activities to correct a miss-posting of Capital Grants and Special Assessments Program Receipts – Principal Retirement as Capital Grants and Special Assessments Program Receipts – Basic Utility Services and Capital Grants and Special Assessments Program Receipts – Transportation.
5. An adjusting entry of \$375,152 in the Governmental Activities to correct the following:
 - A \$238,562 understatement in Charges for Services and Sales Program Receipts – Security of Persons and Property
 - A \$850 understatement in Charges for Services and Sales Program Receipts – Public Health Services
 - A \$39,724 understatement in Charges for Services and Sales Program Receipts – Transportation
 - A \$42,100 understatement in Other Local Taxes
 - A \$53,916 understatement in Grants and Entitlements not Restricted to Other Programs
 - A \$215,816 overstatement in Miscellaneous Revenue
 - A \$70,236 overstatement in Charges for Services and Sales Program Receipts – General Government
 - A \$35,984 overstatement in Charges for Services and Sales Program Receipts – Leisure Time Activities
 - A \$52,537 overstatement in Charges for Services and Sales Program Receipts – Community Environment
 - A \$579 overstatement in Charges for Services and Sales Program Receipts – Capital Outlay
6. An adjusting entry of \$92,406 in the General Fund and Bond Retirement Fund to correct the posting of a Transfer In to the General Fund as a Transfer In to the Bond Retirement Fund.

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)

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

FINDING NUMBER 2007-003 (Continued)

Financial Reporting – Significant Deficiency/Material Weakness (Continued)

7. An adjusting entry of \$60,928 in the General Fund to correct an understatement of Miscellaneous Revenue and reduce an overstatement of Investment Income.
8. An adjusting entry of \$7,908 in the Bond Retirement Fund to correct an understatement of Principal Retirement and to reduce an overstatement of Interest and Fiscal Charges.

We recommend the Village Council take appropriate measures to ensure that all financial reports are in agreement and that all balances reflect the actual financial activity of the Village.

MANAGEMENT'S RESPONSE:

The Village will work to reduce the amount of any discrepancies in the future.

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Certification of Available Resources	No	See Management Letter



Mary Taylor, CPA
Auditor of State

VILLAGE OF MAYFIELD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2009**