



**Mary Taylor, CPA**  
Auditor of State



**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements – Fiscal Year 2008:	
Statement of Net Assets – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements – Fiscal Year 2008:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	15
Statement of Fiduciary Net Assets – Cash Basis	16
Notes to the Basic Financial Statements	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings	37
Schedule of Prior Audit Findings	38

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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, 2008, 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, 2008, 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, 2008*  
*Unaudited*

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The discussion and analysis of the Village of Mayfield's, Cuyahoga County financial performance provides an overview of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Financial Highlights**

Highlights for 2008 are as follows:

Net assets of governmental activities decreased \$1,146,681 or 14.7 percent as compared to 2007. This decrease in assets is primarily attributable to a decrease in proceeds received from OWDA loans in 2008 of \$800,000 and the recording of an unrealized loss of \$292,179 in 2008 on the Village's WellPoint stock investment.

The Village's general receipts are primarily made up of income taxes, property taxes, and tax incremental financing revenue or payments in lieu of taxes. These items account for 71.1 percent of total general receipts. Municipal income taxes increased by \$227,325 or 2.3 percent and property taxes decreased by \$219,043 or 24.3 percent as compared to 2007.

Total disbursements decreased by \$3,006,560 or 13.8 percent as compared to 2007. This decrease is primarily attributable to the substantial completion in 2007 of the Highland Road, Metro Park Drive and Zorn Lane Sewer Project and Highland Road Underpass.

### **Using the Basic Financial Statements**

#### ***Report Components***

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.

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.

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.

**Village of Mayfield**  
**Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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***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 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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, within the limits of cash basis accounting, during 2008.

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, 2008*  
*Unaudited*

**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** All of the Village's major activities are reported in the governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic service it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village has three major funds, the General Fund, the General Bond Retirement fund, and the Municipal Complex Center fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

Table 1 Net Assets			
Governmental Activities			
	2008	2007	Change
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,656,743	\$7,803,624	(\$1,146,881)
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$5,071,963	\$5,376,744	(\$304,781)
Debt Service	118,193	272,781	(154,588)
Street Lighting	157,307	154,537	2,770
Street Construction Maintenance and Repair	66,123	329,246	(263,123)
Infrastructure Improvement	50,547	189,448	(138,901)
Other Purposes	258,238	327,530	(69,292)
Unrestricted	934,372	1,153,338	(218,966)
Total Net Assets	\$6,656,743	\$7,803,624	(\$1,146,881)

In total, net assets decreased \$1,146,881 or 15 percent during 2008. As previously mentioned, this decrease in net assets is primarily attributable to a decrease in proceeds received from OWDA loans in 2008 of \$800,000 and the recording of an unrealized loss of \$292,179 in 2008 on the Village's WellPoint stock investment.

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities.

**Village of Mayfield**  
**Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

Table 2  
**Changes in Net Assets**

	Governmental Activities		
	2008	2007	Change
<b>Receipts:</b>			
Program Receipts:			
Charges for Services and Sales	\$966,649	\$833,775	\$132,874
Operating Grants and Special Assessments	82,430	85,072	(2,642)
Capital Grants and Special Assessments	330,673	123,578	207,095
<b>Total Program Receipts</b>	<b>1,379,752</b>	<b>1,042,425</b>	<b>337,327</b>
General Receipts:			
Property Taxes	681,373	900,416	(219,043)
Municipal Income Taxes	10,004,054	9,776,729	227,325
Hotel Taxes	106,953	0	106,953
Payment in Lieu of taxes	875,340	859,745	15,595
Grants and Entitlements not Restricted to Specific Programs	699,358	591,769	107,589
Franchise Taxes	30,804	0	30,804
Interest	61,864	488,410	(426,546)
Notes Issued	3,700,000	3,810,000	(110,000)
Proceeds of OPWC Loans	0	32,973	(32,973)
Proceeds of OWDA Loans	0	800,000	(800,000)
Premium on Debt Issued	0	17,726	(17,726)
Sale of Capital Assets	18,560	20,946	(2,386)
Miscellaneous	88,677	553,638	(464,961)
<b>Total General Receipts</b>	<b>16,266,983</b>	<b>17,852,352</b>	<b>(1,585,369)</b>
<b>Total Receipts</b>	<b>17,646,735</b>	<b>18,894,777</b>	<b>(1,248,042)</b>
<b>Disbursements:</b>			
General Government	2,596,984	3,003,998	(407,014)
Security of Persons and Property	5,087,034	5,081,109	5,925
Public Health Services	16,263	14,051	2,212
Leisure Time Activities	1,178,033	1,101,098	76,935
Basic Utility Services	423,641	196,698	226,943
Community Development	435,573	513,093	(77,520)
Transportation	2,370,371	2,442,518	(72,147)
Capital Outlay	1,130,675	4,283,129	(3,152,454)
Debt Service			
Principal Retirement	4,838,230	4,500,008	338,222
Interest and Fiscal Charges	716,812	664,474	52,338
<b>Total Program Expenses</b>	<b>18,793,616</b>	<b>21,800,176</b>	<b>(3,006,560)</b>
<b>Change in Net Assets</b>	<b>(1,146,881)</b>	<b>(2,905,399)</b>	<b>1,758,518</b>
<b>Net Assets, Beginning of Year</b>	<b>7,803,624</b>	<b>10,709,023</b>	<b>(2,905,399)</b>
<b>Net Assets, End of Year</b>	<b>\$6,656,743</b>	<b>\$7,803,624</b>	<b>(\$1,146,881)</b>

Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services.

**Village of Mayfield**  
**Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

Table 3  
**Total and Net Cost of Program Services**

	Total Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2008	Net Cost of Services 2007
General Government	\$2,596,984	\$3,003,998	(\$2,367,824)	(\$2,881,756)
Security of Persons and Property	5,087,034	5,081,109	(4,785,957)	(4,751,769)
Public Health and Welfare	16,263	14,051	(15,263)	(10,201)
Leisure Time Activities	1,178,033	1,101,098	(736,517)	(678,265)
Basic Utility Services	423,573	196,698	(423,641)	(196,698)
Community Development	423,641	513,093	(408,738)	(512,362)
Transportation	2,370,371	2,442,518	(2,324,221)	(2,402,573)
Capital Outlay	1,130,675	4,283,129	(916,343)	(4,280,223)
Debt Service:				
Principal Retirement	4,838,230	4,500,008	(4,718,548)	(4,379,430)
Interest and Fiscal Charges	716,812	664,474	(716,812)	(664,474)
<b>Total</b>	<b>\$18,781,616</b>	<b>\$21,800,176</b>	<b>(\$17,413,864)</b>	<b>(\$20,757,751)</b>

***Governmental Activities***

The funding for governmental activities comes from several different sources, the most significant being the Village's municipal income tax. Other prominent sources are property taxes, payment in lieu of taxes, intergovernmental revenue, charges for services, and interest.

Program receipts represent only 7.34 percent of total receipts and are primarily comprised of charges for services.

General receipts represent 92.18 percent of the Village's total receipts, and of this amount, 65.69 percent represents property and municipal income taxes, and 22.75 percent is proceeds from notes issued. State and federal grants and entitlements, payment in lieu of taxes, hotel taxes, franchise taxes, 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.

**Village of Mayfield**  
**Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

**The Village's Funds**

Information about the Village's governmental funds begins on page 13. These funds are accounted for using the cash basis of accounting. All governmental funds had revenues of \$13,928,175 and expenditures of \$18,793,616. The Village's governmental funds reflected a decrease in fund balances of \$1,146,881 or 15 percent. This decrease in fund balances is primarily attributable to a decrease in proceeds received from OWDA loans in 2008 of \$800,000 and the recording of an unrealized loss of \$292,179 in 2008 on the Village's WellPoint stock investment.

***Budgeting Highlights***

The Village's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the General Fund. The legal level of budgetary control is at the fund level for all funds.

For the General Fund, original and final budgeted revenues were \$12,333,181 and actual revenue collections were \$11,603,155. The majority of the decrease in actual revenue under the final budgeted amount is due to a decrease in municipal income taxes. For the General Fund, original and final appropriations were \$13,274,613 and actual expenditures were \$12,100,981. Actual expenditures were \$1,173,632 under the final appropriations.

**Debt Administration**

The outstanding debt for the Village of Mayfield as of December 31, 2008 was \$17,624,016. This balance reflected a decrease of \$1,057,537 from the previous year's balance of \$18,681,553.

**Table 5**  
**Outstanding Debt at December 31**

	Governmental Activities		Change
	2008	2007	
Notes Payable	\$3,700,000	\$3,810,000	(\$110,000)
General Obligation Bonds	6,725,000	7,090,000	(365,000)
OPWC Loans	984,466	1,014,508	(30,042)
OWDA Loans	925,470	970,413	(44,943)
State Infrastructure Bank Loans	5,289,080	5,796,632	(507,552)
Totals	<u>\$17,624,016</u>	<u>\$18,681,553</u>	<u>(\$1,057,537)</u>

The notes payable were issued 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, 2008, mature on September 9, 2009 and bear interest at the rate of 2.50 percent.

The general obligation bonds include \$1,570,000 issued for construction of the fire station, \$4,215,000 issued for the construction of the police station, and \$940,000 issued for construction of the Highland Road underpass.

**Village of Mayfield**  
**Cuyahoga County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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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 percent interest rate. As of December 31, 2008, the outstanding balance of the first S.I.B. loan was \$2,471,662. The second S.I.B. loan will be repaid over nine years with a 3 percent interest rate. The outstanding balance of the second S.I.B. loan as of December 31, 2008 was \$2,817,418. The debt service payments for both S.I.B. loans are offset by annual special assessments and Tax Incremental Financing Payments or Payments in Lieu of Taxes of approximately \$900,000 per year.

See Notes 11 and 12 in the financial statements for more information regarding the Village's debt.

### **Current Financial 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 2009 largely due to the historic downturn in the global economy. Department Heads have judiciously cut back their 2009 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 the Village's Finance Department**

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 received. 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 [rwynne@mayfieldvillage.com](mailto:rwynne@mayfieldvillage.com) or via the Village website at [www.Mayfieldvillage.com](http://www.Mayfieldvillage.com).

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**Village of Mayfield**  
**Cuyahoga County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,656,743</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$5,071,963
Debt Service	118,193
Street Lighting	157,307
Street Construction Maintenance and Repair	66,123
Infrastructure Improvement	50,547
Other Purposes	258,238
Unrestricted	<u>934,372</u>
<i>Total Net Assets</i>	<u>\$6,656,743</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, 2008*

	General	General Bond Retirement	Municipal Complex Center	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$934,372	\$118,193	\$4,384,510	\$1,219,668	\$6,656,743
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$669,108	\$0	\$253,367	\$57,197	\$979,672
Unreserved:					
Undesignated, Reported in:					
General Fund	265,264	0	0	0	265,264
Special Revenue Funds	0	0	0	509,370	509,370
Debt Service Fund	0	118,193	0	0	118,193
Capital Projects Funds	0	0	4,131,143	653,101	4,784,244
<i>Total Fund Balances</i>	<u>\$934,372</u>	<u>\$118,193</u>	<u>\$4,384,510</u>	<u>\$1,219,668</u>	<u>\$6,656,743</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, 2008*

	General	General Bond Retirement	Municipal Complex Center	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$10,004,054	\$0	\$0	\$0	\$10,004,054
Property Taxes	169,943	409,662	0	101,768	681,373
Hotel Taxes	29,228	0	0	77,725	106,953
Special Assessments	0	119,682	0	78,080	197,762
Payment in Lieu of Taxes	0	875,340	0	0	875,340
Charges for Services	468,210	0	0	4,650	472,860
Fees, Licenses and Permits	96,985	0	0	1,080	98,065
Fines and Forfeitures	213,792	0	0	0	213,792
Intergovernmental	464,670	43,126	0	406,903	914,699
Franchise Taxes	0	0	0	30,804	30,804
Rentals	141,175	0	0	27,810	168,985
Contributions and Donations	1,025	0	0	11,922	12,947
Interest	(71,604)	17,644	47,584	68,240	61,864
Miscellaneous	85,677	0	0	3,000	88,677
<i>Total Receipts</i>	<u>11,603,155</u>	<u>1,465,454</u>	<u>47,584</u>	<u>811,982</u>	<u>13,928,175</u>
<b>Disbursements</b>					
Current:					
General Government	2,594,484	0	0	2,500	2,596,984
Security of Persons and Property	4,966,783	0	0	120,251	5,087,034
Public Health Services	15,624	0	0	639	16,263
Leisure Time Activities	1,072,960	0	0	105,073	1,178,033
Basic Utility Services	423,641	0	0	0	423,641
Community Development	401,914	0	0	33,659	435,573
Transportation	2,270,989	0	0	99,382	2,370,371
Capital Outlay	354,586	0	137,647	638,442	1,130,675
Debt Service:					
Principal Retirement	0	4,838,230	0	0	4,838,230
Interest and Fiscal Charges	0	716,812	0	0	716,812
<i>Total Disbursements</i>	<u>12,100,981</u>	<u>5,555,042</u>	<u>137,647</u>	<u>999,946</u>	<u>18,793,616</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(497,826)</u>	<u>(4,089,588)</u>	<u>(90,063)</u>	<u>(187,964)</u>	<u>(4,865,441)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	18,560	0	0	0	18,560
Notes Issued	0	3,700,000	0	0	3,700,000
Transfers In	0	235,000	0	555,600	790,600
Transfers Out	(245,100)	0	0	(545,500)	(790,600)
Advances In	505,400	0	0	0	505,400
Advances Out	0	0	0	(505,400)	(505,400)
<i>Total Other Financing Sources (Uses)</i>	<u>278,860</u>	<u>3,935,000</u>	<u>0</u>	<u>(495,300)</u>	<u>3,718,560</u>
<i>Net Change in Fund Balances</i>	<u>(218,966)</u>	<u>(154,588)</u>	<u>(90,063)</u>	<u>(683,264)</u>	<u>(1,146,881)</u>
<i>Fund Balances, Beginning of Year</i>	<u>1,153,338</u>	<u>272,781</u>	<u>4,474,573</u>	<u>1,902,932</u>	<u>7,803,624</u>
<i>Fund Balances, End of Year</i>	<u>\$934,372</u>	<u>\$118,193</u>	<u>\$4,384,510</u>	<u>\$1,219,668</u>	<u>\$6,656,743</u>

See accompanying notes to the basic financial statements

**Village of Mayfield  
Cuyahoga County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budgetary Basis  
General Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Municipal Income Taxes	\$10,088,351	\$10,088,351	\$10,004,054	(\$84,297)
Property Taxes	230,455	230,455	169,943	(60,512)
Hotel Taxes	35,668	35,668	29,228	(6,440)
Charges for Services	468,854	468,854	468,210	(644)
Fees, Licenses and Permits	96,523	96,523	96,985	462
Fines and Forfeitures	403,032	403,032	213,792	(189,240)
Intergovernmental	145,403	145,403	464,670	319,267
Rentals	210,261	210,261	141,175	(69,086)
Contributions and Donations	263,006	263,006	1,025	(261,981)
Interest	4,441	4,441	(71,604)	(76,045)
Miscellaneous	387,187	387,187	85,677	(301,510)
<i>Total Receipts</i>	<u>12,333,181</u>	<u>12,333,181</u>	<u>11,603,155</u>	<u>(730,026)</u>
<b>Disbursements</b>				
Current:				
General Government	2,843,108	2,843,108	2,594,484	248,624
Security of Persons and Property	5,483,780	5,483,780	4,966,783	516,997
Public Health Services	14,384	14,384	15,624	(1,240)
Leisure Time Activities	1,238,276	1,238,276	1,072,960	165,316
Basic Utility Services	169,448	169,448	423,641	(254,193)
Community Development	577,266	577,266	401,914	175,352
Transportation	2,519,891	2,519,891	2,270,989	248,902
Capital Outlay	428,460	428,460	354,586	73,874
<i>Total Disbursements</i>	<u>13,274,613</u>	<u>13,274,613</u>	<u>12,100,981</u>	<u>1,173,632</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(941,432)</u>	<u>(941,432)</u>	<u>(497,826)</u>	<u>443,606</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	21,614	21,614	18,560	(3,054)
Transfers Out	(73,198)	(73,198)	(245,100)	(171,902)
Advances In	0	0	505,400	505,400
<i>Total Other Financing Sources (Uses)</i>	<u>(51,584)</u>	<u>(51,584)</u>	<u>278,860</u>	<u>330,444</u>
<i>Net Change in Fund Balance</i>	<u>(993,016)</u>	<u>(993,016)</u>	<u>(218,966)</u>	<u>774,050</u>
<i>Fund Balance, Beginning of Year</i>	694,634	694,634	694,634	0
<i>Prior Year Encumbrances Appropriated</i>	<u>458,704</u>	<u>458,704</u>	<u>458,704</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$160,322</u>	<u>\$160,322</u>	<u>\$934,372</u>	<u>\$774,050</u>

See accompanying notes to the basic financial statements

**Village of Mayfield**  
**Cuyahoga County**

*Statement of Fiduciary Assets and Net Assets - Cash Basis*

*Agency Funds*

*December 31, 2008*

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**Assets**

Equity in Pooled Cash and Cash Equivalents \$74,328

**Net Assets**

Unrestricted \$74,328

See accompanying notes to the basic financial statements

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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**Note 1 - Description of the Village and Reporting 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. The Village provides general government services, maintenance of roads, garbage collection, sanitary sewer and storm facilities, building, zoning, and police and fire protection.

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 financial support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations for which the Village approves the 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 has no component units.

The Village participates in the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. Note 14 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 2C, 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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, 2008*

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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 usually distinguish between those activities of the Village that are governmental and those that are considered business-type activities. The Village, however, has no business-type activities.

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

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Village's major governmental funds:

General Fund - The general fund accounts 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 expended or transferred according to the Charter of the Village and/or general laws of Ohio.

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

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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Municipal Complex Center - 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.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary funds are agency funds which account for collection and distribution of contractor's performance bonds and to receive 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. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in the notes.

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

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

The appropriations ordinance is 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 for all funds. Budgetary modifications may only be made by ordinance of the Village Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. 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.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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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

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

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

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

During 2008, investments were limited to STAR Ohio, a savings bond, WellPoint stock, and a repurchase agreement.

Except for nonparticipating 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. Nonparticipating 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, 2008.

Interest earnings are allocated to Village funds according to State statutes, the Charter and Codified Ordinances of the Village, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 were \$220,575, which includes \$97,110 assigned from other Village funds. Unrealized losses in the General Fund were \$292,179, which added to the interest earnings of \$220,575 brought net interest revenue to (\$71,604).

F. 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.

G. 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.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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H. Interfund Receivables/Payables

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

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 9 and 10, the employer contributions include portions for pension benefits and for postretirement 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.

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. The government-wide statement of net assets reports \$5,722,371 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for the civic center and law enforcement. 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.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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**Note 3 - Changes in Accounting Principles**

For 2008, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

**Note 4 - 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 disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis), and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) in the general fund amounted to \$669,108.

**Note 5 - Deposits and Investments**

The Village has elected to follow the provisions of State statutes. State statutes classify monies held by the Village into three categories.

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

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

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or 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 to be marked to market daily, and that that term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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.

#### Deposits

Custodial credit risk for deposits 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, \$423,284 of the Village's bank balance of \$798,968 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

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.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

Investments

As of December 31, 2008, the Village had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement		
Federal Home Loan Mortgage Corporation Notes	\$281,500	Daily
WellPoint Stock	283,956	Daily
U.S. Savings Bond	1,000	12 years
STAR Ohio	<u>5,362,894</u>	Average 54.7 Days
Total Portfolio	<u><u>\$5,929,350</u></u>	

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the Village's investment policy requires that operating funds be invested primarily in investments so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The Federal Home Loan Mortgage Corporation Notes underlying the repurchase agreement carries a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no policy that addresses credit risk.

**Concentration of Credit Risk** The Village places no limit on the amount it may invest in any one issuer. The following is the Village's allocation as of December 31, 2008:

<u>Investment</u>	<u>Percentage of Investments</u>
Repurchase Agreement	
Federal Home Loan Mortgage Corporation Notes	4.75 %
WellPoint Stock	4.79
U.S. Savings Bond	0.01
STAR Ohio	90.45

**Note 6 - Income Taxes**

The Village levies a municipal income tax of 1.5 percent on all salaries, wages, lottery winnings, commissions and other compensation, and net profits earned within the Village as well as income of residents earned outside of the Village. The Village allows a credit of the lesser of actual taxes paid to another municipality or one hundred percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The Regional Income Tax Agency administers and collects income taxes for the Village. 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 the income tax monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax revenue is credited to the general fund.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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**Note 7 - Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Property tax revenue received during 2008 for real and public property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The full tax rate for all Village operations for the year ended December 31, 2008 was \$7.30 per \$1,000 of assessed value. The assessed values of real property, public utility tangible property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$105,131,540
Other Real Estate	91,953,920
Tangible Personal Property	
Public Utility	3,224,490
General	5,275,970
Total Assessed Values	<u><u>\$205,585,920</u></u>

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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**Note 8 - 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 2008, the Village contracted with Selective Insurance Company for various types of insurance coverage as follows:

<u>Type of coverage</u>	<u>Coverage</u>
Commercial Property	\$17,830,915
General Liability	1,000,000
Commercial Crime	100,000
Inland Marine	388,648
Automobile	1,000,000
Police Liability	1,000,000
Employment Practices Liability	1,000,000
Public Officials	1,000,000
Fidelity and Deposits	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.

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

The Village provides all of its full-time employees and two of its part-time employees with hospitalization through WellPoint Insurance, and dental insurance through Guardian Insurance Company.

**Note 9 - 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 pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, the members in State and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Village's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$288,772, \$289,880, and \$293,887, respectively; 100 percent has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$8,056 made by the Village and \$5,754 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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the Village's contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Village's contributions to OP&F for police and firefighters were \$164,670 and \$131,833 for the year ended December 31, 2008, \$163,688 and \$132,333 for the year ended December 31, 2007, and \$143,229 and \$118,687 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

**Note 10 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

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

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care 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, 2008*

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Disclosures for the health care 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.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local government employers contributed at a rate of 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retirees or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$288,772, \$190,940, and \$143,749 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, 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 health care plan.

***B. Ohio Police and Fire Pension Fund***

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

Funding Policy – OP&F’s post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit 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 24.0 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 health care benefits. For the year ended December 31, 2008, 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 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 health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$87,178 and \$51,587 for the year ended December 31, 2008, \$86,659 and \$51,782 for the year ended December 31, 2007, and \$94,470 and \$56,604 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

**Note 11 – Notes Payable**

The changes in the Village’s notes payable during 2008 were as follows:

	Interest Rate	Outstanding 12/31/2007	Additions	(Reductions)	Outstanding 12/31/2008
<b>Governmental Activities</b>					
2007 Bond Anticipation Notes	4.25%	\$3,810,000	\$0	(\$3,810,000)	\$0
2008 Bond Anticipation Notes	2.50%	0	3,700,000	0	3,700,000
Total Governmental Activities		<u>\$3,810,000</u>	<u>\$3,700,000</u>	<u>(\$3,810,000)</u>	<u>\$3,700,000</u>

The bond anticipation notes are backed by the full faith and credit of the Village and mature within one year. They will be paid from the general obligation bond retirement debt service fund.

The bond anticipation notes were issued to acquire land and real estate to conserve, preserve, and enhance the availability of open spaces, and for recreational purposes.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

**Note 12 - Debt**

Original issue amounts and year of maturity of the Village's loans were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Governmental Activities</b>			
General Obligation Bonds:			
2006 Fire Station Refunding	Variable	\$1,890,000	2026
2006 Police Station Refunding	Variable	4,500,000	2026
2006 Highland Road Underpass Refunding	Variable	1,000,000	2026
OPWC Loans:			
1996 Worton Park	0%	299,329	2017
2003 S.O.M. Center Road Widening	0%	902,368	2027
OWDA Loans:			
1996 Sewer Construction	4.04% - 4.16%	253,846	2016
2008 Sewer Construction	3.25%	800,000	n/a
1998 State Infrastructure Bank Loan	4.00%	3,445,275	2018
2004 State Infrastructure Bank Loan	3.00%	3,990,000	2014

A schedule of changes in long-term obligations of the Village during 2008 follows:

	Outstanding 12/31/2007	Additions	(Reductions)	Outstanding 12/31/2008	Due in One Year
<b>Governmental Activities</b>					
General Obligation Bonds					
2006 Fire Station Refunding	\$1,740,000	\$0	(\$170,000)	\$1,570,000	\$165,000
2006 Police Station Refunding	4,375,000	0	(160,000)	4,215,000	170,000
2006 Highland Road Underpass Refunding	975,000	0	(35,000)	940,000	35,000
Total General Obligation Bonds	<u>7,090,000</u>	<u>0</u>	<u>(365,000)</u>	<u>6,725,000</u>	<u>370,000</u>
OPWC Loans:					
1996 Worton Park	134,699	0	(7,483)	127,216	14,966
2003 S.O.M. Center Road Widening	879,809	0	(22,559)	857,250	45,118
Total OPWC Loans	<u>1,014,508</u>	<u>0</u>	<u>(30,042)</u>	<u>984,466</u>	<u>60,084</u>
OWDA Loans:					
1996 Sewer Construction	170,413	0	(15,998)	154,415	16,663
2008 Sewer Construction	800,000	0	(28,945)	771,055	29,893
Total OWDA Loans	<u>970,413</u>	<u>0</u>	<u>(44,943)</u>	<u>925,470</u>	<u>46,556</u>
State Infrastructure Bank Loans					
1998 State Infrastructure Bank Loan	2,528,543	116,016	(172,897)	2,471,662	191,470
2004 State Infrastructure Bank Loan	3,268,089	0	(450,671)	2,817,418	435,320
Total State Infrastructure Bank Loans	<u>5,796,632</u>	<u>116,016</u>	<u>(623,568)</u>	<u>5,289,080</u>	<u>626,790</u>
Total Governmental Activities	<u>\$14,871,553</u>	<u>\$116,016</u>	<u>(\$1,063,553)</u>	<u>\$13,924,016</u>	<u>\$1,103,430</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 debt will be retired from the general obligation bond retirement debt service fund.

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
December 31, 2008

In 2006, the Village issued \$7,390,000 in general obligation refunding bonds and at varying interest rates. Proceeds were used to fully refund the outstanding 1996 Fire Station general obligation bonds and to fund the construction of a new police station and underpass on Highland Road.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1996 Fire Station general obligation bonds. As a result, \$1,990,000 of these bonds were considered defeased. The amount still outstanding at December 31, 2008 is \$1,550,000.

The Worton Park and S.O.M. Center Road OPWC loans, and the Sewer Construction OWDA loans will be paid from the general obligation bond retirement debt service fund.

The State Infrastructure Bank Loans were issued 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 agreed between the Progressive Casualty Insurance Company and the Village in 1999. The Village has assigned the future proceeds to the Ohio Department of Transportation. The \$116,016 addition and \$28,123 reduction to the SIB Loans was due to the modifications made to the loan balances by the Ohio Department of Transportation. They do not represent actual revenues received or payments disbursed during the year.

The Village's overall legal debt margin was \$15,007,711 at December 31, 2008.

Sewer improvements funded by OWDA loans have not been completed. An amortization schedule for the repayment of the loan will not be available until the project is completed, and, therefore is not included in the following schedule.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008, are as follows:

Governmental Activities:

	General Obligation Bonds		OPWC Loans	Ohio EPA Loans		State Infrastructure Bank Loans	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2009	\$370,000	\$269,818	\$60,084	\$16,663	\$6,187	\$626,790	\$178,498
2010	390,000	255,017	60,085	17,357	5,494	656,958	134,576
2011	400,000	239,418	60,085	18,079	4,773	677,344	114,702
2012	415,000	223,417	60,085	18,830	4,020	698,363	94,212
2013	425,000	205,780	60,085	19,613	3,237	720,036	73,085
2014-2018	1,960,000	752,750	277,975	63,873	4,680	1,771,382	\$13,660
2019-2023	1,610,000	428,443	225,592	0	0	138,207	1,806
2024-2028	1,155,000	94,000	180,474	0	0	0	0
<b>Total</b>	<b>\$6,725,000</b>	<b>\$2,468,643</b>	<b>\$984,465</b>	<b>\$154,415</b>	<b>\$28,391</b>	<b>\$5,289,080</b>	<b>\$610,539</b>

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

**Note 13 – Interfund Transactions**

Transfers made during the year ended December 31, 2008 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General</u>	<u>Nonmajor Funds</u>	
<b>Major Funds</b>			
General Bond Retirement	\$235,000	\$0	\$235,000
<b>Nonmajor Funds</b>			
OBBC Permit Fee	100	0	100
Raleigh Drive Culvert	0	116,500	116,500
Seneca Road	0	429,000	429,000
Northwest Quadrant	10,000	0	10,000
<i>Total Nonmajor Funds</i>	<u>10,100</u>	<u>545,500</u>	<u>555,600</u>
<i>Total Governmental Activities</i>	<u>\$245,100</u>	<u>\$545,500</u>	<u>\$790,600</u>

The General Fund transfers to the General Bond Retirement fund as debt payments become due. The General Fund transfers to Nonmajor Governmental Funds to provide additional resources for current operations. Nonmajor Governmental Funds made transfers to Nonmajor Governmental Funds to provide additional resources for capital improvements.

**Note 14 - 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. NOPEC is currently comprised of 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. The Village did not contribute to NOPEC during 2008.

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. 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](http://www.nopecinfo.org).

**Village of Mayfield**  
**Cuyahoga County**  
*Notes to the Financial Statements*  
*December 31, 2008*

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**Note 15 – Construction and Other Significant Commitments**

At December 31, 2008, the Village's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Greenway Corridor	\$59,000	\$25,000	\$34,000
Seneca Road Reconstruction	269,496	216,151	53,345
Raleigh, Beta, and Wilson Mills Road Project	344,777	182,893	161,884
Total	<u>\$673,273</u>	<u>\$424,044</u>	<u>\$249,229</u>

**Note 16 – Contingent Liabilities**

***A. Litigation***

The Village of Mayfield is a party to legal proceedings seeking damages. The Village's management is of opinion that ultimate disposition of these claims and legal proceeding will not have a material effect, if any, on the financial condition of the Village.

***B. Federal and State Grants***

The Village receives financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the Village at December 31, 2008.

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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, 2008, 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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

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

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, 2008**

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

**FINDING NUMBER 2008-001**

**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 22 out of 31 recreation and service department charges for services and miscellaneous receipts tested, or \$9,388 out of \$25,210 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 PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Timely Depositing of Public Money	No	Re-issued as Finding Number 2008-001
2007-002	Expenditures Plus Encumbrances Exceeding Appropriations	No	See Management Letter
2007-003	Financial Reporting	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**