



**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mayfield
Cuyahoga County
6621 Wilson Mills Road
Mayfield Village, Ohio 44143

To the Village Council:

We have audited the accompanying financial statements of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Mayfield, Cuyahoga County, Ohio, as of December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, Village restated the fund balance in the Special Revenue and Agency Funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the accompanying financial statements. We subjected this information to the auditing procedures applied in the audit of the accompanying financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 12, 2004

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$7,784,028	\$164,010	\$1,286,474	\$46,540	\$9,281,052
Intergovernmental	488,806	279,308	43,873	3,126,975	3,938,962
Special Assessments	0	82,638	117,655	0	200,293
Charges for Services	460,025	10,163	0	0	470,188
Earnings on Investments	44,039	918	0	0	44,957
Fines, Licenses, and Permits	203,098	116	0	15	203,229
Miscellaneous	213,818	9,584	0	3,179	226,581
Total Cash Receipts	<u>9,193,814</u>	<u>546,737</u>	<u>1,448,002</u>	<u>3,176,709</u>	<u>14,365,262</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	3,586,606	247,525	0	0	3,834,131
Public Health Services	10,846	1,365	0	0	12,211
Leisure Time Activities	763,091	1,500	0	0	764,591
Community Environment	271,449	0	0	0	271,449
Basic Utility Services	171,649	12,720	0	443,082	627,451
Transportation	1,422,927	71,377	0	3,591,404	5,085,708
General Government	1,819,419	17,317	9,750	846,022	2,692,508
Debt Service:					
Principal Payments	0	0	4,717,155	0	4,717,155
Interest Payments	0	0	289,012	0	289,012
Capital Outlay	326,588	227,891	0	0	554,479
Total Cash Disbursements	<u>8,372,575</u>	<u>579,695</u>	<u>5,015,917</u>	<u>4,880,508</u>	<u>18,848,695</u>
Total Receipts Over/(Under) Disbursements	<u>821,239</u>	<u>(32,958)</u>	<u>(3,567,915)</u>	<u>(1,703,799)</u>	<u>(4,483,433)</u>
Other Financing Receipts and (Disbursements):					
Sale of Bonds/Notes and Other Proceeds of Public Debt	0	0	4,020,000	1,216,461	5,236,461
Premium on the Sale of Notes	0	0	30,146	6,599	36,745
Sale of Fixed Assets	12,173	0	0	0	12,173
Other Sources	0	14,550	0	0	14,550
Other Uses	(10,284)	(14,400)	0	0	(24,684)
Transfers-In	0	170,000	0	250,000	420,000
Transfers-Out	(420,000)	0	0	0	(420,000)
Total Other Financing Receipts/(Disbursements)	<u>(418,111)</u>	<u>170,150</u>	<u>4,050,146</u>	<u>1,473,060</u>	<u>5,275,245</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	403,128	137,192	482,231	(230,739)	791,812
Fund Cash Balances, January 1, 2003 - Restated (Note 2)	962,245	884,936	391,448	562,152	2,800,781
Fund Cash Balances, December 31, 2003	<u>\$1,365,373</u>	<u>\$1,022,128</u>	<u>\$873,679</u>	<u>\$331,413</u>	<u>\$3,592,593</u>
Reserves for Encumbrances, December 31, 2003	<u>\$930,871</u>	<u>\$46,636</u>	<u>\$7,983</u>	<u>\$1,165,087</u>	<u>\$2,150,577</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Miscellaneous	\$15
Total Operating Cash Receipts	15
Operating Cash Disbursements:	
Contractual Services	532
Supplies and Materials	85
Total Operating Cash Disbursements	617
Operating Income/(Loss)	(602)
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	308,434
Total Non-Operating Cash Receipts	308,434
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	68,268
Total Non-Operating Cash Disbursements	68,268
Net Receipts Over/(Under) Disbursements	239,564
Fund Cash Balances, January 1, 2003 - Restated (Note 2)	54,484
Fund Cash Balances, December 31, 2003	\$294,048
Reserve for Encumbrances, December 31, 2003	\$299,908

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The demand deposits, money market, and savings bond are valued at cost. The investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at the amount reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. 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.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Federal Grants Fund – This fund receives various federal government grant money for the Bullet Proof Vest Grant, COPS Grant, Speed Control Grant, and Community Arts Development (CAD) Grant.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

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

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Project Fund:

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

5. Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Performance Bond Fund – This fund is used to account for the collection and distribution of contractor's performance bonds.

Bail Bond Fund – This fund receives bail bond money which is remitted to the Lyndhurst Municipal Court.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as a liability under the basis of accounting used by the Village.

2. RESTATEMENT OF PRIOR YEAR FUND BALANCE

During 2003, the Village closed their 911 bank account and established two Special Revenue Funds with the proceeds. In previous years, the 911 bank account was added to the Agency Fund balance at year end. The restatement resulted in a change in fund balance from \$71,551 to \$54,484 in the Agency Fund and a change in fund balance from \$867,869 to \$884,936 in the Special Revenue Fund.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds except the construction fund which maintains its own pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003
Demand Deposits	\$515,125
Money Market Accounts	307,997
Total Deposits	\$823,122
STAR Ohio	\$3,062,519
Savings Bond	1,000
Total Investments	\$3,063,519
Total Deposits and Investments	\$3,886,641

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form. The savings bond is maintained in the Village's safe.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,775,771	\$9,205,987	(\$569,784)
Special Revenue	527,933	731,287	203,354
Debt Service	5,238,692	5,498,148	259,456
Capital Projects	9,819,315	4,649,769	(5,169,546)
Fiduciary	374,715	308,449	(66,266)
Total	\$25,736,426	\$20,393,640	(\$5,342,786)

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

4. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$9,932,667	\$9,733,730	\$198,937
Special Revenue	1,253,735	640,731	613,004
Debt Service	5,256,475	5,023,900	232,575
Capital Projects	7,795,543	6,045,595	1,749,948
Fiduciary	371,440	368,793	2,647
Total	\$24,609,860	\$21,812,749	\$2,797,111

The Village did not apply budgeting procedures to the Bail Bond Fund, which is not required or included in the above fiduciary fund budgeted receipts or appropriation amounts. The Village had receipts and expenditures in the Bail Bond Fund of \$50,570 and \$50,972 respectively.

Contrary to Ohio Revised Code Sections 5705.41(B) & (D), budgetary expenditures and encumbrances exceeded the appropriation authority at the legal level of control (fund level) at the fiscal year ended December 31, 2003 and during our mid-year testing as of September 30, 2003 in the Special Revenue Federal Grants Fund in the amount of \$165,260.

Contrary to Ohio Revised Code Section 5705.10, the Village had a negative fund balance at year end. During our review we noted that the Capital Projects SOM Center Road Widening Fund had a negative fund balance at year end in the amount of \$87,877.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

6. LOCAL INCOME TAX

In 2002, the Village levied a municipal income tax of one and one-half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

6. LOCAL INCOME TAX (Continued)

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

7. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio EPA Supplement Loans	\$227,497	4.04% & 4.16%
Ohio Public Works Loan (Issue II)	194,564	0.00%
General Obligation Bonds	2,250,000	4.48%
Bond Anticipation Notes	4,900,000	2.00%
State Infrastructure Bank Loan	2,481,685	4.00%
Total	\$10,053,746	

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

The Ohio Public Works Commission (Issue II) Loan is an interest free loan for the Worton Park Sanitary Sewer System construction.

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

The Bond Anticipation Note was issued for the acquisition of real estate. The Bond Anticipation Note will mature in September 2004. The Village will pay \$98,000 in interest in 2004.

The State Infrastructure Bank Loan (economic development wing of the Ohio Department of Transportation) was issued in 1998. This debt is 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.

In 2004, the Village drew down \$124,510 of a \$750,000 Ohio Public Works Commission Loan for the S.O.M Center Road Widening Project. The loan will be repaid over 20 years at 0% interest. The final payment schedule will not be completed nor is a payment due until the completion of the project in 2005.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

7. DEBT (Continued)

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

	OPWC Loan	Fire Station General Obligation Bonds	Ohio EPA Supplmental Loan	State Infrastructure Bank Loan
Year ending December 31				
2004	\$14,967	\$241,112	\$22,851	\$281,384
2005	14,967	245,425	22,851	281,384
2006	14,967	244,148	22,851	281,384
2007	14,967	242,498	22,851	281,384
2008	14,967	245,466	22,851	281,384
2009 - 2013	74,835	1,214,936	114,255	1,406,920
2014 - 2019	44,894	732,026	57,127	1,406,920
Total	<u>\$194,564</u>	<u>\$3,165,611</u>	<u>\$285,637</u>	<u>\$4,220,760</u>

8. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). All other employees belong to the Public Employees Retirement System of Ohio (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Village has paid all contributions required through December 31, 2003.

9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

10. JOINTLY GOVERNED ORGANIZATIONS

- A.** The Mayfield Union Cemetery is a jointly governed organization among three local communities (Village of Mayfield, Highland Heights and Mayfield Heights). The jointly governed organization was formed based on the boundaries in relation to the cemetery. Each of the communities contributes a nominal fee for the maintenance of the cemetery. The Village of Mayfield assumes the daily accounting and reporting of the cemetery finances. The Cemetery Board consists of three Board members; one council member appointed from each of the three communities. Financial information can be obtained by contacting the Director of Finance at the Village of Mayfield, 6621 Wilson Mills Road, Mayfield Village, Ohio 44143.
- B.** The Eastern Suburban Regional Council of Governments (ESRCOG) was formed in 1972 to foster cooperative between member municipalities through sharing of facilities for mutual benefit. The governing body of ESRCOG is a council comprised of one representative from each of the six participating municipalities. The Council operates according to a written agreement establishing ESRCOG pursuant to Ohio Revised Code Chapter 167.

The Council adopts a budget for ESRCOG annually. Each member municipality's degree of control is limited to its representation on the Council. In 2003, the Village contributed \$37,070 which includes an annual fee of \$12,500. That represents 16.7 percent of total member contributions.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN) which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all participating members.

- C.** The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

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 2003. Financial information can be obtained by contacting NOPEC at, 1615 Clark Avenue, Cleveland, Ohio 44109.

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HIGHWAY PLANNING AND CONSTRUCTION			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant	20334	20.205	\$325,263
Total U.S. Department of Highway Planning and Construction			<u>325,263</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Office of Community Oriented Policing Services:</i>			
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	2001-UM-WX-0212	16.710	72,851
Total Office of Community Oriented Policing Services			<u>72,851</u>
<i>Direct Program:</i>			
Bullet Proof Vest Purchases	2001-UM-WX-0212	16.607	4,528
Total U.S. Department of Justice			<u>77,379</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through Ohio Emergency Management Agency:</i>			
FEMA Blackout Grant	035-05690-00	97.036	2,471
Total Federal Emergency Management Agency			<u>2,471</u>
Total Federal Assistance			<u><u>\$405,113</u></u>

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

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Mayfield
Cuyahoga County
6621 Wilson Mills Road
Mayfield Village, Ohio 44143

To the Village Council:

We have audited the financial statements of the Village of Mayfield, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2003, and have issued our report thereon dated August 12, 2004, wherein we noted the Village restated the Special Revenue and Agency Funds. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially effect 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 12, 2004.

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Village of Mayfield
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the finance committee, management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 12, 2004



Auditor of State Betty Montgomery

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

Village Council
Village of Mayfield
Cuyahoga County
6621 Wilson Mills Road
Mayfield Village, Ohio 44143

Compliance

We have audited the compliance of the Village of Mayfield, Cuyahoga County, Ohio (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the finance committee, management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 12, 2004

VILLAGE OF MAYFIELD
 CUYAHOGA COUNTY
 DECEMBER 31, 2003

SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 §.505

1. SUMMARY OF AUDITOR'S RESULTS

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

VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
DECEMBER 31, 2003

SCHEDULE OF FINDINGS (Continued)
OMB CIRCULAR A -133 § .505

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

Finding Number	2003-001
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Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. Budgetary expenditures as enacted by the Village may not exceed appropriations at the legal level of control for all funds. The Special Revenue Federal Grants Fund had expenditures that exceeded appropriations both during the year and at year end in the amount of \$165,260.

We recommend the Village compare appropriations to expenditures (plus encumbrances) in all funds which are legally required to be budgeted, at the legal level of control (fund level for all funds), to ensure compliance with the above requirements. This comparison should be compared on a monthly basis at a minimum.

Finding Number	2003-002
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Ohio Revised code section 5705.10 requires, in part, that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2003, the Village had a negative fund balance of \$87,877 in the Capital Projects SOM Center Road Widening Fund.

We recommend the Village monitor fund balances to avoid negative fund balances.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**VILLAGE OF MAYFIELD
CUYAHOGA COUNTY
DECEMBER 31, 2003**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	ORC 5705.41 (B),(D) Expenditures exceeding appropriations	No	Comment reissued as 2003-001
2002-002	ORC 5705.36 and 39	No	Partially corrected, see management letter.
2002-003	ORC 5705.41 (D) Encumbering of funds	No	Partially corrected, see management letter.



**Auditor of State
Betty Montgomery**

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VILLAGE OF MAYFIELD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 4, 2004**