

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Village Council  
Village of Mayfield  
6622 Wilson Mills Road  
Mayfield, Ohio 44143

We have reviewed the *Independent Auditor's Report* of the Village of Mayfield, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Mayfield is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 10, 2017

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**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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TABLE OF CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| Independent Auditor's Report  | 1-2         |
| Management's Discussion and Analysis  | 3-9         |
| Statement of Net Position - Cash Basis  | 10          |
| Statement of Activities - Cash Basis  | 11          |
| Statement of Assets and Fund Balances - Cash Basis - Governmental Funds   | 12          |
| Statement of Cash Receipts, Disbursements and Changes in Fund Balances -<br>Cash Basis - Governmental Funds   | 13          |
| Statement of Receipts, Disbursements and Changes in Fund Balance -<br>Budget and Actual - Budget Basis -  |             |
| General Fund  | 14          |
| S.C..M. & R. Fund   | 15          |
| Community Room Fund   | 16          |
| Statement of Fiduciary Net Position - Cash Basis - Agency Funds   | 17          |
| Notes to the Basic Financial Statements   | 18-43       |
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> | 44-45       |
| Schedule of Prior Audit Findings and Recommendations  | 46          |

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Village Council  
Village of Mayfield  
Mayfield Village, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, the SCM&R Fund, and the Community Room Fund thereof for the year then ended in accordance with the basis of accounting described in Note 2.

### ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Emphasis of Matter***

As described in Note 16 to the financial statements, the Village of Mayfield has pending litigation on a construction project. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### ***Other Matters***

We applied no procedures to the Management's Discussion and Analysis and we express no opinion or any other assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, on our consideration of the Village of Mayfield, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Mayfield, Ohio's internal control over financial reporting and compliance.

**James G. Zupka,**  
**CPA, President**  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James  
G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.03.06 13:20:12 -05'00'

February 14, 2017

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited**

This discussion and analysis of the performance of the Village of Mayfield, Cuyahoga County, Ohio (the Village) provides an overall review of the Village's financial activities for the year ended December 31, 2016, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Highlights for 2016 are as follows:

- Net position of governmental activities increased by \$3,299,763 or 15.9 percent compared to 2015. This increase in position is primarily attributable to increases in the General Fund of \$5,263,786 and the General Bond Retirement Fund of \$610,701 offset by decreases in the Street Construction Maintenance & Repair (S.C.M. & R.) Fund of \$893,900 and the Community Room Fund of \$1,585,663. The increase in the General Fund resulted from strong income tax collections and putting monies aside to fund future capital projects, primarily a septic to sanitary sewer conversion project and a storm water relief project. The increase in the General Bond Retirement Fund resulted from putting monies aside to fund the anticipated early retirement of the Village's General Obligation Bonds. The decreases in the S.C.M. & R. Fund and the Community Room Fund resulted from the substantial completion of the 2015 road program and the construction of the new Community Room.
- The Village's general receipts are primarily made up of municipal income taxes, property taxes, and tax incremental financing revenue or payments in lieu of taxes. These items accounted for 94.3 percent of total general receipts in 2016. Municipal income taxes increased by \$708,433 or 4.2 percent while property taxes and payments in lieu of taxes decreased by \$45,058 or 2.5 percent as compared to 2015.
- Total disbursements decreased \$2,889,250 or 13.3 percent as compared to 2015, primarily attributable to reductions in principal debt payments totaling \$1,034,770, capital expenditures totaling \$1,006,527 and economic development grants totaling \$400,000.

**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 position and the statement of activities display 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 basic 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, OHIO**  
**CUYAHOGA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2016**  
**Unaudited**  
**(Continued)**

**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 position and the statement of activities reflect how the Village did financially during 2016, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances 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 net position and the changes in net 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 net 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 position and the statement of activities reflect how the Village did financially during 2016, within the limitations of cash basis accounting.

In the statement of net position 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, OHIO  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited  
(Continued)**

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

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

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds in 2016 are the General Fund, the S.C.M. & R. Fund, the Community Room Fund and the General Bond Retirement 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 position for 2016 compared to 2015 on a cash basis:

(Table 1)  
**Net Position**

| Governmental Activities   |              |              |             |
|---------------------------|--------------|--------------|-------------|
|                           | 2016         | 2015         | Change      |
| <b>Assets</b>             |              |              |             |
| Equity in Pooled Cash and |              |              |             |
| Cash Equivalents          | \$24,055,665 | \$20,755,902 | \$3,299,763 |
| <b>Net Position</b>       |              |              |             |
| Restricted for:           |              |              |             |
| Capital Projects          | \$126,373    | \$624,132    | (\$497,759) |
| Debt Service              | 978,476      | 367,775      | 610,701     |
| Other Purposes            | 1,364,342    | 2,262,435    | (898,093)   |
| Unrestricted              | 21,586,474   | 17,501,560   | 4,084,914   |
| Total Net Position        | \$24,055,665 | \$20,755,902 | \$3,299,763 |

**VILLAGE OF MAYFIELD, OHIO**  
**CUYAHOGA COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2016**  
**Unaudited**  
**(Continued)**

Net position of governmental activities increased by \$3,299,763 or 15.9 percent compared to 2015. As previously mentioned, this increase in position is primarily attributable to increases in the General Fund of \$5,263,786 and the General Bond Retirement Fund of \$610,701 offset by decreases in the S.C.M. & R. Fund of \$893,900 and the Community Room Fund of \$1,585,663.

**Table 2** reflects the changes in net position on a cash basis in 2016 and 2015 for governmental activities.

(Table 2)  
**Changes in Net Position**  
 Governmental Activities

|  | 2016                | 2015                | Change              |
|--|---------------------|---------------------|---------------------|
| <b>Receipts:</b>   |                     |                     |                     |
| Program Receipts:  |                     |                     |                     |
| Charges for Services and Sales                                 | \$1,209,390         | \$1,203,892         | \$5,498             |
| Operating Grants and Contributions                             | 18,653              | 12,822              | 5,831               |
| Capital Grants and Contributions                               | 207,353             | 1,238,119           | (1,030,766)         |
| Total Program Receipts   | <u>1,435,396</u>    | <u>2,454,833</u>    | <u>(1,019,437)</u>  |
| General Receipts:  |                     |                     |                     |
| Property Taxes   | 687,815             | 700,026             | (12,211)            |
| Municipal Income Taxes   | 17,748,348          | 17,039,915          | 708,433             |
| Hotel Taxes  | 252,727             | 266,065             | (13,338)            |
| Grants and Entitlements Not Restricted<br>to Specific Programs | 333,702             | 360,865             | (27,163)            |
| Payments in Lieu of Taxes                                      | 1,035,819           | 1,068,666           | (32,847)            |
| Franchise Taxes  | 69,610              | 67,162              | 2,448               |
| Interest   | 87,901              | 17,746              | 70,155              |
| Sale of Capital Assets   | 160,637             | 51,150              | 109,487             |
| Miscellaneous  | 282,209             | 190,868             | 91,341              |
| Total General Receipts   | <u>20,658,768</u>   | <u>19,762,463</u>   | <u>896,305</u>      |
| <i>Total Receipts</i>  | <u>22,094,164</u>   | <u>22,217,296</u>   | <u>(123,132)</u>    |
| <b>Disbursements:</b>  |                     |                     |                     |
| General Government   | 2,601,802           | 2,868,520           | (266,718)           |
| Security of Persons and Property                               | 5,832,951           | 5,807,917           | 25,034              |
| Public Health Services   | 14,506              | 14,512              | (6)                 |
| Leisure Time Activities  | 977,264             | 903,268             | 73,996              |
| Basic Utility Services   | 259,654             | 390,724             | (131,070)           |
| Community Development  | 386,025             | 787,322             | (401,297)           |
| Transportation   | 2,374,065           | 2,450,134           | (76,069)            |
| Capital Outlay   | 5,322,801           | 6,329,328           | (1,006,527)         |
| Debt Service   |                     |                     |                     |
| Principal Retirement   | 889,460             | 1,924,230           | (1,034,770)         |
| Interest and Fiscal Charges                                    | 135,873             | 207,696             | (71,823)            |
| <i>Total Disbursements</i>                                     | <u>18,794,401</u>   | <u>21,683,651</u>   | <u>(2,889,250)</u>  |
| <i>Increase in Net Position</i>                                | 3,299,763           | 533,645             | 2,766,118           |
| <i>Net Position, Beginning of Year</i>                         | <u>20,755,902</u>   | <u>20,222,257</u>   | 533,645             |
| <i>Net Position, End of Year</i>                               | <u>\$24,055,665</u> | <u>\$20,755,902</u> | <u>\$ 3,299,763</u> |

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited  
(Continued)**

Program receipts represent 6.5 percent of total receipts in 2016 and are comprised of 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 represent 93.5 percent of the Village's total receipts, and of this amount, 94.3 percent represents municipal income taxes, property taxes and payment in lieu of taxes. State and federal grants and entitlements, hotel taxes, franchise taxes, proceeds from sale of capital assets, interest 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 and payments to the Cuyahoga County Board of Health. Leisure Time Activities is the maintenance of the parks and playing fields. Transportation is the cost of maintaining the Village roads.

**Table 3** presents a summary for governmental activities for 2016 and 2015, the total cost of services and the net cost of providing those services.

(Table 3)  
**Governmental Activities**

|                                  | Total Cost<br>of Services<br>2016 | Total Cost<br>of Services<br>2015 | Net Cost<br>of Services<br>2016 | Net Cost<br>of Services<br>2015 |
|----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| General Government               | \$2,601,802                       | \$2,868,520                       | \$2,343,784                     | \$2,592,301                     |
| Security of Persons and Property | 5,832,951                         | 5,807,917                         | 5,242,850                       | 5,260,375                       |
| Public Health Services           | 14,506                            | 14,512                            | 11,506                          | 11,512                          |
| Leisure Time Activities          | 977,264                           | 903,268                           | 645,447                         | 565,763                         |
| Basic Utility Services           | 259,654                           | 390,724                           | 256,654                         | 382,564                         |
| Community Development            | 386,025                           | 787,322                           | 384,825                         | 785,932                         |
| Transportation                   | 2,374,065                         | 2,450,134                         | 2,337,115                       | 2,411,134                       |
| Capital Outlay                   | 5,322,801                         | 6,329,328                         | 5,262,290                       | 5,288,576                       |
| Debt Service:                    |                                   |                                   |                                 |                                 |
| Principal Retirement             | 889,460                           | 1,924,230                         | 738,661                         | 1,722,965                       |
| Interest and Fiscal Charges      | 135,873                           | 207,696                           | 135,873                         | 207,696                         |
| <b>Total</b>                     | <b>\$18,794,401</b>               | <b>\$21,683,651</b>               | <b>\$17,359,005</b>             | <b>\$19,228,818</b>             |

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited  
(Continued)**

**The Village's Funds**

Total governmental funds had receipts and other financing sources excluding transfers and advances of \$22,094,164 and disbursements of \$18,794,401. The greatest changes that occurred within governmental funds were increases in the General Fund of \$5,263,786 and the General Bond Retirement Fund of \$610,701 and decreases in the S.C.M. & R. Fund of \$893,900 and the Community Room Fund of \$1,585,663. The increase in the General Fund resulted from strong income tax collections and putting monies aside to fund future capital projects, primarily a septic to sanitary sewer conversion project and a storm water relief project. The increase in the General Bond Retirement Fund resulted from putting monies aside to fund the anticipated early retirement of the Village's General Obligation Bonds. The decreases in the S.C.M. & R. Fund and the Community Room Fund resulted from the substantial completion of the 2015 road program and the construction of the new Community Room.

**General Fund Budgeting Highlight**

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, department and object level for all funds.

During 2016, the Village amended its General Fund budget to reflect changing circumstances. Original and final budgeted revenues were \$16,091,382 and \$19,740,033, respectively, and actual receipts were \$20,146,440. Original and final budgeted appropriations were \$17,845,375 and \$18,438,693, respectively, and actual expenditures were \$16,638,307.

**Debt Administration**

The outstanding debt for the Village as of December 31, 2016 was \$5,649,056. This balance reflects a decrease of \$889,460 from the balance at December 31, 2015 of \$6,538,516.

(Table 4)

**Outstanding Debt at December 31**

|                                | Governmental Activities |                    | Change             |
|--------------------------------|-------------------------|--------------------|--------------------|
|                                | 2016                    | 2015               |                    |
| General Obligation Bonds       | \$3,325,000             | \$3,825,000        | (\$500,000)        |
| OPWC Loans                     | 1,281,733               | 1,354,484          | (72,751)           |
| OWDA Loans                     | 502,613                 | 562,239            | (59,626)           |
| State Infrastructure Bank Loan | 539,710                 | 796,793            | (257,083)          |
| <b>Totals</b>                  | <b>\$5,649,056</b>      | <b>\$6,538,516</b> | <b>(\$889,460)</b> |

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited  
(Continued)**

**Debt Administration (Continued)**

The General Obligation Bonds were issued in July 2014 to refund the 2006 General Obligation Bonds. The 2014 bonds were issued at a rate of 2.50 percent and will save the Village approximately \$371,000 in interest expense over a twelve year period.

The OPWC loans are interest free and include \$7,482 relating to the 1996 Worton Park Sanitary Sewer System Project, \$496,304 relating to the 2003 S.O.M. Center Road Widening Project, \$196,330 relating to the 2012 Raleigh, Beta, Wilson Mills Road Renovation Project and \$581,617 relating to the 2016 Eastgate/Meadowood Sanitary Sewer Conversion and Water Main Replacement Project.

The OWDA loan relates to the 2008 Highland Road, Metro Park Drive and Zorn Lane septic systems conversion project.

The State Infrastructure Bank (S.I.B.) Loan is from the Ohio Department of Transportation and is being repaid over a seventeen year period with a 4.00 percent interest rate. The loan was 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.

For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

**Contacting Mayfield Village's Financial Management**

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

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>Assets</b>                              |                                    |
| Equity in Pooled Cash and Cash Equivalents | <u>\$24,055,665</u>                |
| <br>                                       |                                    |
| <b>Net Position</b>                        |                                    |
| Restricted for:                            |                                    |
| Capital Projects                           | \$126,373                          |
| Debt Service                               | 978,476                            |
| Other Purposes                             | 1,364,342                          |
| Unrestricted                               | <u>21,586,474</u>                  |
| <br>                                       |                                    |
| <i>Total Net Position</i>                  | <u>\$24,055,665</u>                |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

|   | Program Cash Receipts |                                      |  | Net (Disbursements)<br>Receipts and Changes<br>in Net Position |                            |
|---|-----------------------|--------------------------------------|--|--|----------------------------|
|   | Cash<br>Disbursements | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions | Capital Grants<br>and Contributions                            | Governmental<br>Activities |
| <b>Governmental Activities</b>                              |                       |                                      |  |  |                            |
| Current:  |                       |                                      |  |  |                            |
| General Government  | \$2,601,802           | \$258,018                            | \$0                                      | \$0  | (\$2,343,784)              |
| Security of Persons and Property                            | 5,832,951             | 571,448                              | 18,653                                   | 0  | (5,242,850)                |
| Public Health Services                                      | 14,506                | 3,000                                | 0  | 0  | (11,506)                   |
| Leisure Time Activities                                     | 977,264               | 331,817                              | 0  | 0  | (645,447)                  |
| Basic Utility Services                                      | 259,654               | 3,000                                | 0  | 0  | (256,654)                  |
| Community Development                                       | 386,025               | 1,200                                | 0  | 0  | (384,825)                  |
| Transportation  | 2,374,065             | 36,950                               | 0  | 0  | (2,337,115)                |
| Capital Outlay  | 5,322,801             | 3,957                                | 0  | 56,554   | (5,262,290)                |
| Debt Service:   |                       |                                      |  |  |                            |
| Principal Retirement  | 889,460               | 0                                    | 0  | 150,799  | (738,661)                  |
| Interest and Fiscal Charges                                 | 135,873               | 0                                    | 0  | 0  | (135,873)                  |
| <i>Total Governmental Activities</i>                        | <u>\$18,794,401</u>   | <u>\$1,209,390</u>                   | <u>\$18,653</u>                          | <u>\$207,353</u>   | <u>(17,359,005)</u>        |
| <b>General Receipts</b>                                     |                       |                                      |  |  |                            |
| Property Taxes Levied for:                                  |                       |                                      |  |  |                            |
| General Purposes  |                       |                                      |  |  | 170,376                    |
| Debt Service  |                       |                                      |  |  | 409,497                    |
| Other Purposes  |                       |                                      |  |  | 107,942                    |
| Municipal Income Taxes                                      |                       |                                      |  |  | 17,748,348                 |
| Hotel Taxes   |                       |                                      |  |  | 252,727                    |
| Grants and Entitlements not Restricted to Specific Programs |                       |                                      |  |  | 333,702                    |
| Payments in Lieu of Taxes                                   |                       |                                      |  |  | 1,035,819                  |
| Franchise Taxes   |                       |                                      |  |  | 69,610                     |
| Interest  |                       |                                      |  |  | 87,901                     |
| Sale of Capital Assets                                      |                       |                                      |  |  | 160,637                    |
| Miscellaneous   |                       |                                      |  |  | 282,209                    |
| <i>Total General Receipts</i>                               |                       |                                      |  |  | <u>20,658,768</u>          |
| Change in Net Position                                      |                       |                                      |  |  | 3,299,763                  |
| <i>Net Position, Beginning of Year</i>                      |                       |                                      |  |  | <u>20,755,902</u>          |
| <i>Net Position, End of Year</i>                            |                       |                                      |  |  | <u>\$24,055,665</u>        |

See accompanying notes to the basic financial statements



**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

|  | General             | S.C.M. & R.      | Community<br>Room | General<br>Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------|-------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                     |                  |                   |                               |                                |                                |
| Equity in Pooled Cash and Cash Equivalents | \$20,261,123        | \$999,446        | \$206,174         | \$978,476                     | \$1,610,446                    | \$24,055,665                   |
| <b>Fund Balances</b>                       |                     |                  |                   |                               |                                |                                |
| Restricted                                 | \$1,285             | \$999,446        | \$0               | \$978,476                     | \$489,984                      | \$2,469,191                    |
| Committed                                  | 586,231             | 0                | 206,174           | 0                             | 814,740                        | 1,607,145                      |
| Assigned                                   | 5,790,354           | 0                | 0                 | 0                             | 305,722                        | 6,096,076                      |
| Unassigned                                 | 13,883,253          | 0                | 0                 | 0                             | 0                              | 13,883,253                     |
| <i>Total Fund Balances</i>                 | <u>\$20,261,123</u> | <u>\$999,446</u> | <u>\$206,174</u>  | <u>\$978,476</u>              | <u>\$1,610,446</u>             | <u>\$24,055,665</u>            |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

|  | General             | S.C.M. & R.        | Community<br>Room  | General Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------|--------------------|----------------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                     |                    |                    |                            |                                |                                |
| Municipal Income Taxes                               | \$17,748,348        | \$0                | \$0                | \$0                        | \$0                            | \$17,748,348                   |
| Property Taxes                                       | 170,376             | 0                  | 0                  | 409,497                    | 107,942                        | 687,815                        |
| Hotel Taxes  | 42,537              | 0                  | 0                  | 0                          | 210,190                        | 252,727                        |
| Special Assessments                                  | 0                   | 0                  | 0                  | 150,799                    | 83,363                         | 234,162                        |
| Payments in Lieu of Taxes                            | 0                   | 0                  | 0                  | 1,035,819                  | 0                              | 1,035,819                      |
| Charges for Services                                 | 629,705             | 0                  | 0                  | 0                          | 6,957                          | 636,662                        |
| Fees, Licenses and Permits                           | 108,751             | 0                  | 0                  | 0                          | 1,199                          | 109,950                        |
| Fines and Forfeitures                                | 197,180             | 0                  | 0                  | 0                          | 0                              | 197,180                        |
| Intergovernmental                                    | 124,491             | 148,418            | 0                  | 39,919                     | 96,081                         | 408,909                        |
| Franchise Taxes                                      | 0                   | 34,805             | 0                  | 0                          | 34,805                         | 69,610                         |
| Rentals  | 151,329             | 0                  | 24,575             | 0                          | 0                              | 175,904                        |
| Contributions and Donations                          | 1,799               | 0                  | 0                  | 0                          | 4,532                          | 6,331                          |
| Interest   | 82,320              | 5,372              | 0                  | 0                          | 209                            | 87,901                         |
| Miscellaneous  | 207,209             | 0                  | 75,000             | 0                          | 0                              | 282,209                        |
| <b>Total Receipts</b>                                | <b>19,464,045</b>   | <b>188,595</b>     | <b>99,575</b>      | <b>1,636,034</b>           | <b>545,278</b>                 | <b>21,933,527</b>              |
| <b>Disbursements</b>                                 |                     |                    |                    |                            |                                |                                |
| Current:   |                     |                    |                    |                            |                                |                                |
| General Government                                   | 2,553,194           | 0                  | 43,846             | 0                          | 4,762                          | 2,601,802                      |
| Security of Persons and Property                     | 5,830,746           | 0                  | 0                  | 0                          | 2,205                          | 5,832,951                      |
| Public Health Services                               | 13,588              | 0                  | 0                  | 0                          | 918                            | 14,506                         |
| Leisure Time Activities                              | 972,473             | 0                  | 0                  | 0                          | 4,791                          | 977,264                        |
| Basic Utility Services                               | 237,654             | 0                  | 0                  | 0                          | 22,000                         | 259,654                        |
| Community Development                                | 383,268             | 0                  | 0                  | 0                          | 2,757                          | 386,025                        |
| Transportation                                       | 2,172,464           | 103,088            | 0                  | 0                          | 98,513                         | 2,374,065                      |
| Capital Outlay                                       | 773,680             | 2,079,407          | 1,756,392          | 0                          | 713,322                        | 5,322,801                      |
| Debt Service:  |                     |                    |                    |                            |                                |                                |
| Principal Retirement                                 | 0                   | 0                  | 0                  | 889,460                    | 0                              | 889,460                        |
| Interest and Fiscal Charges                          | 0                   | 0                  | 0                  | 135,873                    | 0                              | 135,873                        |
| <b>Total Disbursements</b>                           | <b>12,937,067</b>   | <b>2,182,495</b>   | <b>1,800,238</b>   | <b>1,025,333</b>           | <b>849,268</b>                 | <b>18,794,401</b>              |
| <b>Excess of Receipts Over (Under) Disbursements</b> | <b>6,526,978</b>    | <b>(1,993,900)</b> | <b>(1,700,663)</b> | <b>610,701</b>             | <b>(303,990)</b>               | <b>3,139,126</b>               |
| <b>Other Financing Sources (Uses)</b>                |                     |                    |                    |                            |                                |                                |
| Sale of Capital Assets                               | 160,637             | 0                  | 0                  | 0                          | 0                              | 160,637                        |
| Transfers In   | 528,154             | 1,100,000          | 115,000            | 0                          | 737,000                        | 2,480,154                      |
| Transfers Out  | (1,952,000)         | 0                  | 0                  | 0                          | (528,154)                      | (2,480,154)                    |
| Advances In  | 17                  | 0                  | 0                  | 0                          | 0                              | 17                             |
| Advances Out   | 0                   | 0                  | 0                  | 0                          | (17)                           | (17)                           |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(1,263,192)</b>  | <b>1,100,000</b>   | <b>115,000</b>     | <b>0</b>                   | <b>208,829</b>                 | <b>160,637</b>                 |
| <b>Net Change in Fund Balances</b>                   | <b>5,263,786</b>    | <b>(893,900)</b>   | <b>(1,585,663)</b> | <b>610,701</b>             | <b>(95,161)</b>                | <b>3,299,763</b>               |
| <b>Fund Balances, Beginning of Year</b>              | <b>14,997,337</b>   | <b>1,893,346</b>   | <b>1,791,837</b>   | <b>367,775</b>             | <b>1,705,607</b>               | <b>20,755,902</b>              |
| <b>Fund Balances, End of Year</b>                    | <b>\$20,261,123</b> | <b>\$999,446</b>   | <b>\$206,174</b>   | <b>\$978,476</b>           | <b>\$1,610,446</b>             | <b>\$24,055,665</b>            |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| <b>Receipts</b>                                     |                  |              |              |   |
| Municipal Income Taxes                              | \$14,200,000     | \$17,700,000 | \$17,748,348 | \$48,348  |
| Property Taxes                                      | 165,000          | 165,000      | 170,376      | 5,376   |
| Hotel Taxes   | 40,000           | 40,000       | 42,537       | 2,537   |
| Charges for Services                                | 561,700          | 611,700      | 629,705      | 18,005  |
| Fees, Licenses and Permits                          | 91,675           | 91,675       | 105,751      | 14,076  |
| Fines and Forfeitures                               | 153,700          | 153,700      | 197,180      | 43,480  |
| Intergovernmental                                   | 138,037          | 118,037      | 124,493      | 6,456   |
| Rentals   | 154,000          | 154,000      | 148,064      | (5,936)   |
| Contributions and Donations                         | 500              | 500          | 1,649        | 1,149   |
| Interest  | 25,000           | 25,000       | 82,320       | 57,320  |
| Miscellaneous                                       | 142,250          | 142,250      | 207,209      | 64,959  |
| <i>Total Receipts</i>                               | 15,671,862       | 19,201,862   | 19,457,632   | 255,770   |
| <b>Disbursements</b>                                |                  |              |              |   |
| Current:  |                  |              |              |   |
| General Government                                  | 2,875,515        | 3,004,333    | 2,621,524    | 382,809   |
| Security of Persons and Property                    | 6,480,350        | 6,480,350    | 5,920,558    | 559,792   |
| Public Health Services                              | 15,000           | 15,000       | 13,563       | 1,437   |
| Leisure Time Activities                             | 1,130,110        | 1,155,110    | 978,036      | 177,074   |
| Basic Utility Services                              | 226,000          | 226,000      | 209,422      | 16,578  |
| Community Development                               | 388,200          | 408,200      | 389,337      | 18,863  |
| Transportation                                      | 2,369,700        | 2,379,200    | 2,216,703    | 162,497   |
| Capital Outlay                                      | 1,510,500        | 1,718,500    | 1,237,164    | 481,336   |
| <i>Total Disbursements</i>                          | 14,995,375       | 15,386,693   | 13,586,307   | 1,800,386   |
| <i>Excess of Receipts Over Disbursements</i>        | 676,487          | 3,815,169    | 5,871,325    | 2,056,156   |
| <b>Other Financing Sources (Uses)</b>               |                  |              |              |   |
| Sale of Capital Assets                              | 10,000           | 10,000       | 160,637      | 150,637   |
| Transfers In  | 409,520          | 528,154      | 528,154      | 0   |
| Transfers Out                                       | (2,850,000)      | (3,052,000)  | (3,052,000)  | 0   |
| Advances In   | 0                | 17           | 17           | 0   |
| <i>Total Other Financing Sources (Uses)</i>         | (2,430,480)      | (2,513,829)  | (2,363,192)  | 150,637   |
| <i>Net Change in Fund Balance</i>                   | (1,753,993)      | 1,301,340    | 3,508,133    | 2,206,793   |
| <i>Unencumbered Fund Balance, Beginning of Year</i> | 13,171,167       | 13,171,167   | 13,171,167   | 0   |
| <i>Prior Year Encumbrances Appropriated</i>         | 506,807          | 506,807      | 506,807      | 0   |
| <i>Unencumbered Fund Balance, End of Year</i>       | \$11,923,981     | \$14,979,314 | \$17,186,107 | \$2,206,793   |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*S.C.M. & R. Fund*  
*For the Year Ended December 31, 2016*

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with                          |
|---|-------------------------|--------------------|--------------------|--|
|   | <u>Original</u>         | <u>Final</u>       |                    | Final Budget<br>Positive<br>(Negative) |
| <b>Receipts</b>                                     |                         |                    |                    |  |
| Intergovernmental                                   | \$147,000               | \$147,000          | \$148,418          | \$1,418                                |
| Franchise Taxes                                     | 30,000                  | 30,000             | 34,805             | 4,805                                  |
| Interest  | 500                     | 500                | 5,372              | 4,872                                  |
| <i>Total Receipts</i>                               | <u>177,500</u>          | <u>177,500</u>     | <u>188,595</u>     | <u>11,095</u>                          |
| <b>Disbursements</b>                                |                         |                    |                    |  |
| Current:  |                         |                    |                    |  |
| Transportation                                      | 155,000                 | 155,000            | 140,537            | 14,463                                 |
| Capital Outlay                                      | 2,800,000               | 2,800,000          | 2,383,087          | 416,913                                |
| <i>Total Disbursements</i>                          | <u>2,955,000</u>        | <u>2,955,000</u>   | <u>2,523,624</u>   | <u>431,376</u>                         |
| <i>Excess of Disbursements Over Receipts</i>        | <u>(2,777,500)</u>      | <u>(2,777,500)</u> | <u>(2,335,029)</u> | <u>442,471</u>                         |
| <b>Other Financing Sources</b>                      |                         |                    |                    |  |
| Transfers In  | 1,100,000               | 1,100,000          | 1,100,000          | 0                                      |
| <i>Total Other Financing Sources</i>                | <u>1,100,000</u>        | <u>1,100,000</u>   | <u>1,100,000</u>   | <u>0</u>                               |
| <i>Net Change in Fund Balance</i>                   | (1,677,500)             | (1,677,500)        | (1,235,029)        | 442,471                                |
| <i>Unencumbered Fund Balance, Beginning of Year</i> | 414,257                 | 414,257            | 414,257            | 0                                      |
| Prior Year Encumbrances Appropriated                | 1,479,089               | 1,479,089          | 1,479,089          | 0                                      |
| <i>Unencumbered Fund Balance, End of Year</i>       | <u>\$215,846</u>        | <u>\$215,846</u>   | <u>\$658,317</u>   | <u>\$442,471</u>                       |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Community Room Fund*  
*For the Year Ended December 31, 2016*

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                    |   |
| <b>Receipts</b>                                     |                         |                    |                    |   |
| Rentals   | \$25,000                | \$25,000           | \$24,575           | (\$425)   |
| Miscellaneous                                       | 75,000                  | 75,000             | 75,000             | \$0   |
| <i>Total Receipts</i>                               | <u>100,000</u>          | <u>100,000</u>     | <u>99,575</u>      | <u>(425)</u>  |
| <b>Disbursements</b>                                |                         |                    |                    |   |
| Current:  |                         |                    |                    |   |
| General Government                                  | 56,000                  | 56,000             | 44,505             | 11,495  |
| Capital Outlay                                      | 1,802,000               | 1,877,000          | 1,837,795          | 39,205  |
| <i>Total Disbursements</i>                          | <u>1,858,000</u>        | <u>1,933,000</u>   | <u>1,882,300</u>   | <u>50,700</u>   |
| <i>Excess of Disbursements Over Receipts</i>        | <u>(1,758,000)</u>      | <u>(1,833,000)</u> | <u>(1,782,725)</u> | <u>50,275</u>   |
| <b>Other Financing Sources</b>                      |                         |                    |                    |   |
| Transfers In  | 40,000                  | 115,000            | 115,000            | 0   |
| <i>Total Other Financing Sources</i>                | <u>40,000</u>           | <u>115,000</u>     | <u>115,000</u>     | <u>0</u>  |
| <i>Net Change in Fund Balance</i>                   | (1,718,000)             | (1,718,000)        | (1,667,725)        | 50,275  |
| <i>Unencumbered Fund Balance, Beginning of Year</i> | 114,989                 | 114,989            | 114,989            | 0   |
| Prior Year Encumbrances Appropriated                | 1,676,848               | 1,676,848          | 1,676,848          | 0   |
| <i>Unencumbered Fund Balance, End of Year</i>       | <u>\$73,837</u>         | <u>\$73,837</u>    | <u>\$124,112</u>   | <u>\$50,275</u>   |

See accompanying notes to the basic financial statements

**Village of Mayfield, Ohio**  
**Cuyahoga County**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Agency Funds*  
*December 31, 2016*

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**Assets**

|  |                        |
|--|------------------------|
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$37,955</u></u> |
|--|------------------------|

**Net Position**

|                               |                        |
|-------------------------------|------------------------|
| Held on Behalf of Contractors | <u><u>\$37,955</u></u> |
|-------------------------------|------------------------|

See accompanying notes to the basic financial statements

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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 sewer 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 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), Eastern Suburban Regional Council of Governments, and Mayfield Union Cemetery, jointly governed organizations. Note 13 to the financial statements provides additional information for these entities. The Village also participates in the Community Partnership on Aging Council of Governments which has been defined as a joint venture. 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 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America ("GAAP"). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board ("GASB") pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the Village that are governmental and those that are considered business-type activities. The Village has no business-type activities.

The government-wide statement of net position 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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 accordingly to the Charter of the Village and/or general laws of Ohio.



VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

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

**Street Construction Maintenance and Repair (S.C.M. & R.) Fund** – The S.C.M. & R. Fund receives cable franchise fees, gasoline tax, motor vehicle license registration fees and transfers from the General Fund for the maintenance and repair of streets within the Village.

**Community Room Fund** – The Community Room Fund receives rental fees and transfers from the General Fund for the use, maintenance, improvement and repair of the Village Community Room.

**General Bond Retirement Fund** – The General Bond Retirement Fund receives property taxes, bond and note proceeds and transfers from the General Fund for the retirement of the Village bonds and notes.

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

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governments and are 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 the 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.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

**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, department and object 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 Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

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 2016, investments were limited to certificates of deposit, the State Treasury Reserve of Ohio (STAR Ohio), a money market fund and a savings bond.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices or, in the case of mutual funds, current share price. Non-participating investment contracts such as repurchase agreements are reported at cost.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 was \$82,320 which includes \$6,772 assigned from other Village funds.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. As of December 31, 2016, there were no restricted assets.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. 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.

**J. 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.

VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

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

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

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**L. 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.

**M. Net Position**

Net position is 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 position reports \$2,469,191 of restricted net position, none of which is restricted by enabling legislation. Net position restricted for other purposes include resources restricted for street construction, maintenance and repair, street lighting 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 resources are available.

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

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

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**O. 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, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, S.C.M. & R. Fund and Community Room Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned 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) amounted to \$726,535 in the General Fund, \$341,129 in the S.C.M. & R. Fund and \$82,062 in the Community Room Fund.

Additionally, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund in the cash basis financial statements. However, on the budgetary basis, the activity of these special revenue funds is excluded resulting in a decrease in fund balance of the General Fund of \$2,348,481.

**NOTE 4. 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 Finance Director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies held by the Village can be deposited or invested in the following securities:



**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances with appropriate limitations if ORC 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, all of the Village's bank balance of \$15,374,195 was insured or collateralized.

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, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of December 31, 2016, the Village had the following investments:

| <u>Investment Type</u>             | <u>Carrying Value/NAV</u> | <u>Investment Maturity</u> |
|------------------------------------|---------------------------|----------------------------|
| U.S. Savings Bond                  | \$1,000                   | 12 Years                   |
| Money Market Fund                  | 42,324                    | Daily                      |
| STAR Ohio                          | 1,184,456                 | Average 60 Days            |
| Negotiable Certificates of Deposit | 8,053,371                 | 11 to 58 Months            |
| Total Portfolio                    | <u>\$9,281,151</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 money market fund carries a rating of Aaa-mf by Moody's and AAAm by Standard and Poor's. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no 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 Village's investments in U.S. Savings Bond, Money Market Fund, STAR Ohio and Negotiable Certificates of Deposit represent .01%, .46%, 12.76% and 86.77%, respectively.

**NOTE 5. INCOME TAXES**

The Village levies a municipal income tax of 2.0 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 Village's municipal 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 (RITA) administers and collects income taxes for the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to 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, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

**NOTE 6. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016 on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

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. 2016 public utility property taxes which became a lien on December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$7.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

|                             |                      |
|-----------------------------|----------------------|
| Real Estate:                |                      |
| Residential/Agricultural    | \$98,015,630         |
| Other Real Estate           | 66,834,550           |
| Tangible Personal Property: |                      |
| Public Utility              | 5,491,980            |
| Total Assessed Values       | <u>\$170,342,160</u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Fiscal Officer periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 7. 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 2016, the Village contracted with several insurance companies for various types of coverage as follows:

| <u>Types of Coverage</u>       | <u>Amount of Coverage</u> |
|--------------------------------|---------------------------|
| Commercial Property            | \$27,010,603              |
| General Liability              | 1,000,000                 |
| Commercial Crime               | 1,000,000                 |
| Inland Marine                  | 1,676,900                 |
| Automobile                     | 1,000,000                 |
| Police Liability               | 1,000,000                 |
| Employment Practices Liability | 1,000,000                 |
| Public Officials               | 1,000,000                 |
| Commercial Umbrella Liability  | 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 a premium based on a rate of \$1.58 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village provides all of its full-time employees with hospitalization through the Cuyahoga County Benefits Regionalization Program, and dental insurance through Delta Dental of Ohio.

**NOTE 8. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - Village employees, other than full-time police and firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS financial report referenced above for additional information):

| <b>Group A</b><br>Eligible to retire prior to<br>January 7, 2013 or five years<br>after January 7, 2013                               | <b>Group B</b><br>20 years of service credit prior to<br>January 7, 2013 or eligible to retire<br>ten years after January 7, 2013     | <b>Group C</b><br>Members not in other Groups<br>and members hired on or after<br>January 7, 2013                                     |
|---|---|---|
| <b>State and Local</b>  | <b>State and Local</b>  | <b>State and Local</b>  |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit<br>or Age 55 with 25 years of service credit          | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit<br>or Age 55 with 25 years of service credit          | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit<br>or Age 62 with 5 years of service credit            |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of<br>service for the first 30 years and 2.5%<br>for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of<br>service for the first 30 years and 2.5%<br>for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of<br>service for the first 35 years and 2.5%<br>for service years in excess of 35 |
| <b>Public Safety</b>  | <b>Public Safety</b>  | <b>Public Safety</b>  |
| <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit<br>or Age 52 with 15 years of service credit           | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit<br>or Age 52 with 15 years of service credit           | <b>Age and Service Requirements:</b><br>Age 52 with 25 years of service credit<br>or Age 56 with 15 years of service credit           |
| <b>Law Enforcement</b>  | <b>Law Enforcement</b>  | <b>Law Enforcement</b>  |
| <b>Age and Service Requirements:</b><br>Age 52 with 15 years of service credit  | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit<br>or Age 52 with 15 years of service credit           | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit<br>or Age 56 with 15 years of service credit           |
| <b>Public Safety and Law Enforcement</b>  | <b>Public Safety and Law Enforcement</b>  | <b>Public Safety and Law Enforcement</b>  |
| <b>Formula:</b><br>2.5% of FAS multiplied by years of<br>service for the first 25 years and 2.1%<br>for service years in excess of 25 | <b>Formula:</b><br>2.5% of FAS multiplied by years of<br>service for the first 25 years and 2.1%<br>for service years in excess of 25 | <b>Formula:</b><br>2.5% of FAS multiplied by years of<br>service for the first 25 years and 2.1%<br>for service years in excess of 25 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|  | <u>State<br/>and Local</u> | <u>Public<br/>Safety</u> | <u>Law<br/>Enforcement</u> |
|--|----------------------------|--------------------------|----------------------------|
| <b>2016 Statutory Maximum Contribution Rates</b> |                            |                          |                            |
| Employer   | 14.0 %                     | 18.1 %                   | 18.1 %                     |
| Employee   | 10.0 %                     | *                        | **                         |
| <b>2016 Actual Contribution Rates</b>            |                            |                          |                            |
| Employer:  |                            |                          |                            |
| Pension  | 12.0 %                     | 16.1 %                   | 16.1 %                     |
| Post-employment Health Care Benefits             | <u>2.0 %</u>               | <u>2.0 %</u>             | <u>2.0 %</u>               |
| Total Employer                                   | <u>14.0 %</u>              | <u>18.1 %</u>            | <u>18.1 %</u>              |
| Employee   | <u>10.0 %</u>              | <u>12.0 %</u>            | <u>13.0 %</u>              |

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$494,747 for year 2016.

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

Plan Description - Village full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)**

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment (COLA). The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|  | Police      | Firefighters |
|--|-------------|--------------|
| <b>2016 Statutory Maximum Contribution Rates</b> |             |              |
| Employer   | 19.50 %     | 24.00 %      |
| Employee   | 12.25 %     | 12.25 %      |
| <br><b>2016 Actual Contribution Rates</b>        |             |              |
| Employer:  |             |              |
| Pension  | 19.00 %     | 23.50 %      |
| Post-employment Health Care Benefits             | 0.50 %      | 0.50 %       |
| <br>Total Employer                               | <br>19.50 % | <br>24.00 %  |
| <br>Employee                                     | <br>12.25 % | <br>12.25 %  |

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$607,060 for 2016.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 9. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, 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 trusts were established under, and are administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the Traditional Pension and 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 2016, state and local government employers contributed at a rate of 14.0 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding post-employment health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. Effective January 1, 2017, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by the OPERS actuary.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 9. POST-EMPLOYMENT BENEFITS (Continued)**

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015 and 2014 were \$69,814, \$68,466 and \$69,582, respectively; 100 percent has been contributed for 2016, 2015 and 2014.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OPF. OPF 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.

OPF 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 health care coverage provided by OPF meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OPF 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 OPF, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OPF's website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by Ohio Revised Code 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 Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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



**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 9. POST-EMPLOYMENT BENEFITS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2016, the employer contribution allocated to the health care plan was .50 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 115 and 401(h).

The OPF 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 OPF which were allocated to fund post-employment health care benefits for police and firefighters were \$8,877 and \$5,578 for the year ended December 31, 2016, \$8,089 and \$5,180 for the year ended December 31, 2015 and \$7,971 and \$5,026 for the year ended December 31, 2014, respectively. The full amount has been contributed for 2016, 2015 and 2014.

**NOTE 10. DEBT**

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

| Debt Issue   | Interest<br>Rate | Original<br>Issue | Year of<br>Maturity |
|--|------------------|-------------------|---------------------|
| <b>Governmental Activities</b>   |                  |                   |                     |
| General Obligation Bonds:  |                  |                   |                     |
| 2014 Fire Station, Police Station and Highland<br>Road Underpass Refunding | 2.50%            | \$4,270,000       | 2026                |
| OPWC Loans:  |                  |                   |                     |
| 1996 Worton Park   | 0%               | 299,329           | 2017                |
| 2003 S.O.M. Center Road Widening   | 0%               | 902,368           | 2027                |
| 2012 Raleigh, Beta, Wilson Mills Road Renovation                           | 0%               | 253,328           | 2032                |
| 2016 Eastgate/Meadowood Sanitary and Water                                 | 0%               | 581,617           | 2036                |
| OWDA Loans:  |                  |                   |                     |
| 1996 Sewer Construction  | 4.04% - 4.16%    | 253,846           | 2016                |
| 2008 Sewer Construction  | 3.00%            | 800,000           | 2027                |
| State Infrastructure Bank Loans:   |                  |                   |                     |
| 1998 State Infrastructure Bank Loan  | 4.00%            | 3,445,275         | 2018                |



**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 10. DEBT (Continued)**

A schedule of changes in long-term obligations of the Village during 2016 follows:

|  | Outstanding<br>12/31/2015 | Additions  | (Reductions)       | Outstanding<br>12/31/2016 | Due in<br>One Year |
|--|---------------------------|------------|--------------------|---------------------------|--------------------|
| <b>Governmental Activities</b>   |                           |            |                    |                           |                    |
| General Obligation Bonds:  |                           |            |                    |                           |                    |
| 2014 Fire Station, Police Station and Highland<br>Road Underpass Refunding | \$3,825,000               | \$0        | (\$500,000)        | \$3,325,000               | \$290,000          |
| Total General Obligation Bonds   | 3,825,000                 | 0          | (500,000)          | 3,325,000                 | 290,000            |
| OPWC Loans:  |                           |            |                    |                           |                    |
| 1996 Worton Park   | 22,448                    | 0          | (14,966)           | 7,482                     | 7,482              |
| 2003 S.O.M. Center Road Widening   | 541,422                   | 0          | (45,118)           | 496,304                   | 45,118             |
| 2012 Raleigh, Beta, Wilson Mills Road Renovation                           | 208,997                   | 0          | (12,667)           | 196,330                   | 12,667             |
| 2016 Eastgate/Meadowood Sanitary and Water                                 | 581,617                   | 0          | 0                  | 581,617                   | 29,081             |
| Total OPWC Loans   | 1,354,484                 | 0          | (72,751)           | 1,281,733                 | 94,348             |
| OWDA Loans:  |                           |            |                    |                           |                    |
| 1996 Sewer Construction  | 22,165                    | 0          | (22,165)           | 0                         | 0                  |
| 2008 Sewer Construction  | 540,074                   | 0          | (37,461)           | 502,613                   | 38,688             |
| Total OWDA Loans   | 562,239                   | 0          | (59,626)           | 502,613                   | 38,688             |
| State Infrastructure Bank Loans:   |                           |            |                    |                           |                    |
| 1998 State Infrastructure Bank Loan  | 796,793                   | 0          | (257,083)          | 539,710                   | 265,506            |
| Total State Infrastructure Bank Loans                                      | 796,793                   | 0          | (257,083)          | 539,710                   | 265,506            |
| <b>Total Governmental Activities</b>                                       | <b>\$6,538,516</b>        | <b>\$0</b> | <b>(\$889,460)</b> | <b>\$5,649,056</b>        | <b>\$688,542</b>   |

In 2014, the Village issued \$4,270,000 in general obligation bonds at an interest rate of 2.5 percent. Proceeds were used to fully refund the outstanding 2006 Fire Station Refunding bonds and the 2006 Police Station and Highland Road Underpass general obligation bonds. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2006 bonds. As a result, \$4,270,000 of these bonds were considered defeased. None of these bonds are outstanding at December 31, 2016.

On June 13, 2016, the Village was informed by the Ohio Public Works Commission that the Eastgate/Meadowood Sanitary and Water project was officially closed. As a result, \$581,617 of funding received for this project was converted to a 20 year term loan. The term loan is non-interest bearing and is payable in semiannual installments of \$14,540.43 commencing January 1, 2017.

The Worton Park, S.O.M. Center Road, Raleigh, Beta, Wilson Mills Road Renovation and Eastgate/Meadowood Sanitary and Water OPWC loans and the Sewer Construction OWDA loans will be paid from the general obligation bond retirement debt service fund.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 10. DEBT (Continued)**

The State Infrastructure Bank Loan was 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.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, are as follows:

**Governmental Activities**

| Year      | General Obligation Bonds |                  | OPWC Loans         |            | OWDA Loans       |                 |
|-----------|--------------------------|------------------|--------------------|------------|------------------|-----------------|
|           | Principal                | Interest         | Principal          | Interest   | Principal        | Interest        |
| 2017      | \$290,000                | \$83,125         | \$94,348           | \$0        | \$38,688         | \$14,791        |
| 2018      | 295,000                  | 75,875           | 86,866             | 0          | 39,956           | 13,620          |
| 2019      | 310,000                  | 68,500           | 86,866             | 0          | 41,265           | 12,412          |
| 2020      | 315,000                  | 60,750           | 86,866             | 0          | 42,617           | 11,164          |
| 2021      | 330,000                  | 52,875           | 86,866             | 0          | 44,014           | 9,875           |
| 2022-2026 | 1,785,000                | 136,750          | 434,328            | 0          | 242,667          | 28,515          |
| 2027-2031 | 0                        | 0                | 253,855            | 0          | 53,406           | 1,205           |
| 2032-2036 | 0                        | 0                | 151,738            | 0          | 0                | 0               |
| Total     | <u>\$3,325,000</u>       | <u>\$477,875</u> | <u>\$1,281,733</u> | <u>\$0</u> | <u>\$502,613</u> | <u>\$91,582</u> |

| Year      | State Infrastructure Bank Loan |                 | Total              |                |
|-----------|--------------------------------|-----------------|--------------------|----------------|
|           | Principal                      | Interest        | Principal          | Interest       |
| 2017      | \$265,506                      | \$15,401        | \$688,542          | \$113,317      |
| 2018      | 274,204                        | 6,702           | 696,026            | 96,197         |
| 2019      | 0                              | 0               | 438,131            | 80,912         |
| 2020      | 0                              | 0               | 444,483            | 71,914         |
| 2021      | 0                              | 0               | 460,880            | 62,750         |
| 2022-2026 | 0                              | 0               | 2,461,995          | 165,265        |
| 2027-2031 | 0                              | 0               | 307,261            | 1,205          |
| 2032-2036 | 0                              | 0               | 151,738            | 0              |
| Total     | <u>\$539,710</u>               | <u>\$22,103</u> | <u>\$5,649,056</u> | <u>591,560</u> |

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Ohio Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2016, were an overall debt margin of \$15,539,403 and an unvoted debt margin of \$7,022,295.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 11. FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances                              | General                    | S.C.M. & R.             | Community<br>Room       | General<br>Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|-------------------------|-------------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>Restricted for:</b>                     |                            |                         |                         |                               |                                |                                |
| Road Maintenance and Improvements          | \$0                        | \$999,446               | \$0                     | \$0                           | \$38,277                       | \$1,037,723                    |
| Police and Fire Operations                 | 0                          | 0                       | 0                       | 0                             | 60,465                         | 60,465                         |
| Police Pension                             | 0                          | 0                       | 0                       | 0                             | 822                            | 822                            |
| Cemetery                                   | 1,285                      | 0                       | 0                       | 0                             | 24,258                         | 25,543                         |
| Street Lighting                            | 0                          | 0                       | 0                       | 0                             | 216,475                        | 216,475                        |
| Debt Service                               | 0                          | 0                       | 0                       | 978,476                       | 0                              | 978,476                        |
| Drug and Alcohol Education and Enforcement | 0                          | 0                       | 0                       | 0                             | 8,905                          | 8,905                          |
| DARE Program                               | 0                          | 0                       | 0                       | 0                             | 14,230                         | 14,230                         |
| Construction of Green Corridor             | 0                          | 0                       | 0                       | 0                             | 95,275                         | 95,275                         |
| Construction of Ballfield Restrooms        | 0                          | 0                       | 0                       | 0                             | 25,067                         | 25,067                         |
| Sanitary Sewer Conversion Projects         | 0                          | 0                       | 0                       | 0                             | 6,031                          | 6,031                          |
| Other Purposes                             | 0                          | 0                       | 0                       | 0                             | 179                            | 179                            |
| <i>Total Restricted</i>                    | <u>1,285</u>               | <u>999,446</u>          | <u>0</u>                | <u>978,476</u>                | <u>489,984</u>                 | <u>2,469,191</u>               |
| <b>Committed to:</b>                       |                            |                         |                         |                               |                                |                                |
| Economic Development                       | 0                          | 0                       | 0                       | 0                             | 324,658                        | 324,658                        |
| Capital Improvements                       | 446,740                    | 0                       | 81,403                  | 0                             | 472,818                        | 1,000,961                      |
| Other Purposes                             | 139,491                    | 0                       | 124,771                 | 0                             | 17,264                         | 281,526                        |
| <i>Total Committed</i>                     | <u>586,231</u>             | <u>0</u>                | <u>206,174</u>          | <u>0</u>                      | <u>814,740</u>                 | <u>1,607,145</u>               |
| <b>Assigned to:</b>                        |                            |                         |                         |                               |                                |                                |
| Capital Improvements                       | 2,296,407                  | 0                       | 0                       | 0                             | 305,722                        | 2,602,129                      |
| Sanitary Sewer Conversion Projects         | 3,302,853                  | 0                       | 0                       | 0                             | 0                              | 3,302,853                      |
| Other Purposes                             | 191,094                    | 0                       | 0                       | 0                             | 0                              | 191,094                        |
| <i>Total Assigned</i>                      | <u>5,790,354</u>           | <u>0</u>                | <u>0</u>                | <u>0</u>                      | <u>305,722</u>                 | <u>6,096,076</u>               |
| <b>Unassigned:</b>                         | <u>13,883,253</u>          | <u>0</u>                | <u>0</u>                | <u>0</u>                      | <u>0</u>                       | <u>13,883,253</u>              |
| <i>Total Fund Balances</i>                 | <u><u>\$20,261,123</u></u> | <u><u>\$999,446</u></u> | <u><u>\$206,174</u></u> | <u><u>\$978,476</u></u>       | <u><u>\$1,610,446</u></u>      | <u><u>\$24,055,665</u></u>     |

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 12. INTERFUND TRANSACTIONS**

Transfers and Advances made during the year ended December 31, 2016 were as follows:

|   |                           |
|---|---------------------------|
| Transfers from the General Fund to:                   |                           |
| Community Room Fund                                   | \$115,000                 |
| Other Governmental Funds                              | 737,000                   |
| S.C.M. & R. Fund                                      | <u>1,100,000</u>          |
| Total Transfers from the General Fund                 | <u><u>\$1,952,000</u></u> |
|   |                           |
| Transfers from Other Governmental Funds to:           |                           |
| General Fund  | <u>\$528,154</u>          |
| Total Transfers from Other Governmental Funds         | <u><u>\$528,154</u></u>   |
|   |                           |
| Advance Repayment from Other Governmental Funds to:   |                           |
| General Fund  | <u>\$17</u>               |
| Total Advance Repayment from Other Governmental Funds | <u><u>\$17</u></u>        |

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

Transfers from Other Governmental Funds represent restricted receipts collected in the Police Pension and Police Operating Funds used to offset Police Department expenses in the General Fund and the return of unspent monies previously transferred to the Eastgate/Meadowood Sewer Conversion Fund from the Sanitary Sewer Relief Fund within the General Fund.

The Advance Repayment from Other Governmental Funds represents the balance of the proceeds received from a federal NOACA grant for the construction of the Greenway Trail.

**NOTE 13. JOINTLY GOVERNED ORGANIZATIONS**

**Northeast Ohio Public Energy Council (NOPEC)**

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 in 2000 to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC currently serves over 200 communities in 13 counties. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities. The Village did not contribute to NOPEC during 2016.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 13. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the thirteen-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 Ron McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139 or at the website, [www.nopecinfo.org](http://www.nopecinfo.org).

**Eastern Suburban Regional Council of Governments**

The Village is a member of The Eastern Suburban Regional Council of Governments (ESRCOG), which was formed in 1972 to foster cooperation 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 in accordance with a written agreement establishing ESRCOG pursuant to Ohio Revised Code Chapter 167. 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 six (6) participating member municipalities. In 2016, all participating municipalities contributed \$84,000. The Council adopts a budget for ESRCOG annually. Each member municipality's degree of control is limited to its representation on the Council. In 2016, the Village contributed \$14,000, which represents 16.67 percent of the total contributions.

**The Mayfield Union Cemetery**

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. In 2016, Mayfield Village contributed \$1,000. 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, 6622 Wilson Mills Road, Mayfield Village, Ohio 44143.

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 14. JOINT VENTURE**

**Community Partnership on Aging**

The Community Partnership on Aging (Partnership) is a joint venture among the communities of Highland Heights, Lyndhurst, Mayfield Heights, Mayfield Village, and South Euclid formed for the purpose of coordinating all matters related to assistance and programs for the aged. Partnership revenues consist of contributions from the member communities and Federal grants. The governing board of the partnership is a Council of Governments composed of the mayors of Highland Heights, Lyndhurst, Mayfield Heights, Mayfield Village and South Euclid, with the advice of a nine - member commission. Continued existence of the Partnership is dependent on the Village; however, the Village has no explicit and measurable equity interest in the Partnership. The Partnership is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to, or burden on, the Village. In 2016, the Village contributed \$37,590 which represents 5.15 percent of member contributions. To obtain a copy of the Consortium's financial statements, write to the Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

**NOTE 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At December 31, 2016, the Village's significant contractual commitments consisted of:

| Project                         | Contract<br>Amount | Amount<br>Paid to Date | Remaining on<br>Contract |
|---------------------------------|--------------------|------------------------|--------------------------|
| Traffic Signal Improvements     | \$89,349           | \$0                    | \$89,349                 |
| Bandshell for the Grove         | 284,268            | 0                      | 284,268                  |
| 2015 Road Program               | 1,975,450          | 1,887,827              | 87,623                   |
| 2016 Road Program               | 873,249            | 661,140                | 212,109                  |
| Community Room Furnishings      | 76,617             | 0                      | 76,617                   |
| Service Garage Roof Replacement | 377,446            | 350,831                | 26,615                   |
| Pool Heater Building            | 274,500            | 0                      | 274,500                  |
| Total                           | <u>\$3,950,879</u> | <u>\$2,899,798</u>     | <u>\$1,051,081</u>       |

**VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**NOTE 16. CONTINGENT LIABILITIES**

**A. Federal and State Grants**

The Village receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are 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, 2016.

**B. Litigation**

In November 2015, a complaint for breach of contract was filed by insurers seeking to recover approximately \$500,000 paid under their policies for property damage alleged to have been caused after an August 2014 rain and flooding event in the Village. The Village's insurance carrier is defending the suit under a reservation of rights letter, and also filed a Motion to Intervene to file a complaint for declaratory judgment for a declaration that they are not required to represent the Village under its policy. The Village has answered the Complaint and has been defending the case vigorously on all grounds against all insurance companies, including the Villages. The ultimate outcome and liability, if any, is difficult to assess at this point in time.

**NOTE 17. CHANGES IN ACCOUNTING PRINCIPLES**

For 2016, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

The objective of GASB Statement No. 72 is to address accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68.

The objective of GASB Statement No. 76 is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

VILLAGE OF MAYFIELD, OHIO  
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)

**NOTE 17. CHANGES IN ACCOUNTING PRINCIPLES (Continued)**

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose brief descriptive information about the agreement, such as the tax being abated and the eligibility criteria, the gross dollar amount of taxes abated during the reporting period and any other commitments made by the government as part of the tax abatement agreement.

GASB Statement No. 78 addresses a practice issue regarding the scope and applicability of GASB Statement No. 68. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

These GASB Statements did not have an effect on the Village's financial statements; however, the note disclosures for investments have been impacted.



**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
*Garfield Hts., Ohio 44125*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Village Council  
Village of Mayfield  
Mayfield Village, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the 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 of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mayfield, Cuyahoga County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Mayfield, Ohio's basic financial statements, and have issued our report thereon dated February 14, 2017, wherein we noted that the Village of Mayfield, Ohio, uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and has pending litigation on a construction project.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Mayfield, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Mayfield, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Mayfield, Ohio's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Mayfield, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Mayfield, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Mayfield, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G. Zupka,**  
**CPA, President**  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President, o=James  
G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.03.06 13:20:38 -05'00'

February 14, 2017

**VILLAGE OF MAYFIELD  
CUYAHOGA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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The prior audit report, as of December 31, 2015, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# Dave Yost • 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  
MAY 23, 2017