

**VILLAGE OF WESTFIELD CENTER, OHIO
MEDINA COUNTY**

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2007**

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Honorable Mayor and Members of Council
Village of Westfield Center
P. O. Box 750
Westfield Center, Ohio 44251

We have reviewed the *Independent Auditor's Report* of the Village of Westfield Center, Medina County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Westfield Center is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 5, 2008

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**VILLAGE OF WESTFIELD CENTER, OHIO
MEDINA COUNTY
FOR THE YEAR ENDED
DECEMBER 31, 2007**

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Mayor and Members of Council
Village of Westfield Center
6701 Greenwich Road
Westfield Center, Ohio 44251

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

September 12, 2008

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

The discussion and analysis of the Village of Westfield Center, Medina County, Ohio (the Village's) financial performance provides an overall review of the Village's financial activities for the fiscal year ended December 31, 2007, within the limitations of the Villages' cash basis of accounting. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

The Management's Discussion and Analysis (the "MD&A") is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" issued in June of 1999.

Financial Highlights

Key Financial Highlights for 2007 are as follows:

- General receipts accounted for \$1,699,504 or 68 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$792,296 or 32 percent of total receipts of \$2,491,800.
- Total program disbursements were \$2,292,330 in Governmental Activities and \$480,091 in Business-Type Activities.
- In total, net assets of Governmental Activities increased \$420,073, which represents a 25 percent increase from 2006.
- Outstanding debt decreased from \$2,659,577 to \$2,292,248 through principal payments.

Using the Basic Financial Statements

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

Report Components

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

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

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

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

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 in the United States of America (GAAP). 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

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets 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 cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes. The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting.

In the statement of net assets and the statement of activities the Village is divided into two distinct kinds of activities:

Governmental Activities All of the Village's non-utility services are reported here, including security of persons and property and general governmental services.

Business-Type Activities All of the Village's utility services are reported here, including water and sewer services.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village uses many funds to account for financial transactions. However, these fund financial statements focus on the Village's most significant funds. The funds of the Village are divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent to finance the Village's programs. The Village's major governmental funds are the General Fund and Permanent Improvement Fund. The programs reported in government funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – All of the Village's proprietary funds are classified as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for water and sewer and services provided to the Village residents and businesses. All of the Village's enterprise funds are considered major funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected 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

Recall that the statement of net assets provides the perspective of the Village as a whole. Table 1 provides a summary of Village's net assets for 2007 compared to 2006.

	(Table 1)					
	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Cash and Cash Equivalents	<u>\$2,101,579</u>	<u>\$1,681,506</u>	<u>\$451,822</u>	<u>\$367,477</u>	<u>\$2,553,401</u>	<u>\$2,048,983</u>
Net Assets						
Restricted For:						
Debt Service	\$125,732	\$127,147	\$0	\$0	\$125,732	\$127,147
Permanent Improvements	776,053	0	0	0	776,053	0
Other Purposes	156,402	173,090	0	0	156,402	173,090
Unrestricted	<u>1,043,392</u>	<u>1,381,269</u>	<u>451,822</u>	<u>367,477</u>	<u>1,495,214</u>	<u>1,748,746</u>
Total Net Assets	<u>\$2,101,579</u>	<u>\$1,681,506</u>	<u>\$451,822</u>	<u>\$367,477</u>	<u>\$2,553,401</u>	<u>\$2,048,983</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the Village's net assets totaled \$2,553,401, with the Business-Type Activities accounting for \$451,822 of this balance.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

Table 2 reflects the changes in net assets for fiscal year 2007 compared to 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Receipts						
Program Cash Receipts						
Charges for Services	\$171,385	\$97,103	\$307,605	\$467,711	\$478,990	\$564,814
Operating Grants	59,150	53,516	0	0	59,150	53,516
Capital Grants	0	0	254,156	219,501	254,156	219,501
General Receipts:						
Property Taxes	117,522	117,095	0	0	117,522	117,095
Income Taxes	1,341,476	1,417,685	0	0	1,341,476	1,417,685
Other Taxes	2,559	3,352	0	0	2,559	3,352
Grants and Entitlements	66,432	146,794	0	0	66,432	146,794
Investment Earnings	80,047	45,618	0	0	80,047	45,618
Miscellaneous	91,143	53,657	325	68	91,468	53,725
Total Receipts	1,929,714	1,934,820	562,086	687,280	2,491,800	2,622,100
Program Disbursements						
General Government	228,715	201,663	0	0	228,715	201,663
Security of Person and Property	254,111	245,088	0	0	254,111	245,088
Public Health Services	4,150	2,007	0	0	4,150	2,007
Leisure Time Activities	12,664	3,181	0	0	12,664	3,181
Community Environment	4,037	4,312	0	0	4,037	4,312
Basic Utility Services	68,637	0	0	0	68,637	0
Transportation	145,016	112,865	0	0	145,016	112,865
Capital Outlay	1,314,628	1,180,218	0	0	1,314,628	1,180,218
Water Services	0	0	20,310	221,422	20,310	221,422
Sewer Services	0	0	459,781	420,104	459,781	420,104
Debt Services:						
Principal Retirement	227,484	213,914	0	0	227,484	213,914
Interest and Fiscal Charges	32,888	45,634	0	0	32,888	45,634
Total Disbursements	2,292,330	2,008,882	480,091	641,526	2,772,421	2,650,408
Change in Net Assets	(362,616)	(74,062)	81,995	45,754	(280,621)	(28,308)
Special Item – Proceeds from Sale of Water System	785,039	0	0	0	785,039	0
Transfers	(2,350)	(5,753)	2,350	5,753	0	0
Net Assets, Beginning of Year	1,681,506	1,761,321	367,477	315,970	2,048,983	2,077,291
Net Assets, End of Year	\$2,101,579	\$1,681,506	\$451,822	\$367,477	\$2,553,401	\$2,048,983

Program receipts represent 8 percent of total receipts in 2007 and consist primarily of charges for services.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

General receipts represent 68 percent of the Village's total receipts, and of this amount, over 86 percent are municipal income, property and other taxes. State and federal grants and entitlements make up 4 percent of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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, and other departments.

Security of persons and property are the costs of police, fire protection and emergency medical services. Leisure Time Activities is the maintenance of the parks providing leisure activities during the year. Transportation is the cost of maintaining the roads. Capital outlay primarily represents the costs associated with the acquisition and improvements to the Villages' facilities and infrastructure.

Governmental Activities

The first column on the statement of activities on page 12 lists the major services provided by the Village. The next column identifies the costs of providing these services. The most significant program disbursement for governmental activities was for capital outlay accounted for 57 percent of cash disbursements for governmental activities. The next three columns of the statement, entitled charges for services, operating grants and contributions and capital grants and contributions, identify amounts paid by users who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (disbursements)/receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which draws on the general receipts of the Village, which is primarily made up of property and income taxes assessed on the citizens and business of the Village and other grants and entitlements that are not restricted for particular purposes.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

Table 3 summarizes the total cost and net cost of providing services to the residents and local businesses of the Village for 2007 compared to 2006.

(Table 3)
Total and Net Costs of Services

	Total Cost of Service 2007	Total Cost of Service 2006	Net Cost of Service 2007	Net Cost of Service 2006
Government Activities				
General Government	\$228,715	\$201,663	(\$225,124)	(\$193,592)
Security of Person and Property	254,111	245,088	(91,688)	(168,106)
Public Health Services	4,150	2,007	(1,650)	869
Leisure Time Activities	12,664	3,181	(11,510)	(8,708)
Community Environment	4,037	4,312	(2,320)	(3,815)
Basic Utility Services	68,637	0	(68,637)	0
Transportation	145,016	112,865	(85,866)	12,210
Capital Outlay	1,314,628	1,180,218	(1,314,628)	(1,171,750)
Principal Retirement	227,484	213,914	(227,484)	(198,070)
Interest and Fiscal Charges	32,888	45,634	(32,888)	(60,718)
Business Type Activities				
Water Services	20,310	221,422	41,921	31,929
Sewer Services	459,781	420,104	39,749	(40,520)
<i>Total</i>	<u>\$2,772,421</u>	<u>\$2,650,408</u>	<u>(\$1,980,125)</u>	<u>(\$1,800,271)</u>

The dependence upon general receipts is apparent as over 90 percent of all activities are supported by general receipts.

The Village's Funds

Total governmental funds had receipts of \$2,807,320 and disbursements of \$2,387,247. The greatest change within governmental funds occurred within the General Fund and Permanent Improvement Fund. The General Fund, fund balance decreased \$337,877 or 24 percent as the result of increased capital outlay disbursements during 2007. The Permanent Improvement, a new fund in 2007 received receipts of \$747,367 from the sale of the Village water system to Medina County.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, there were minor amendments to the Village's total general fund budget. The Village uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

For the general fund, actual receipts exceeded the final budgeted revenues and other financing sources by \$83,815. The primary factor contributing to this was Charges for Services exceeding expectations.

Actual disbursements and other financing uses of the general fund were \$645,352 below the final budgeted amount of \$2,965,227. The primary factor contributing to this was disbursements for capital outlay, transfers out and other financing uses being \$529,289 below budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Village had \$2,291,449 in outstanding debt. During fiscal year 2007, \$368,128 of general obligation debt was retired. Table 4 summarizes the Village's long-term obligations outstanding as of year end.

(Table 4)
Long-Term Obligations
December 31, 2006

	2007	2006
Government Activities		
First Mert Bank Loan	\$303,717	\$419,136
OWDA Loans	115,618	226,883
<i>Total Governmental Activities</i>	419,335	646,019
Business Type Activities		
OWDA Loan	1,822,132	1,958,361
OPWC Loan	50,781	55,197
<i>Total Business Type Activities</i>	1,872,913	2,013,558
<i>Total</i>	\$2,292,248	\$2,659,577

See the notes to the basic financial statements for further information regarding the debt of the Village.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on local taxes, especially those paid by the Village's main commercial resident, Westfield Group. Other than Westfield Group the Village has very little other industry to support the tax base. The early financial forecast predicts a surplus for 2007, as Westfield Group is also predicting another profitable year.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2007
(Unaudited)

Contacting the 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 show the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Susan Ewers, Clerk-Treasurer, Village of Westfield Center, P.O. Box 750, Westfield Center, Ohio 44251.

Village of Westfield Center, Medina County

Statement of Net Assets - Cash Basis

December 31, 2007

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$2,101,579</u>	<u>\$451,822</u>	<u>\$2,553,401</u>
<i>Total Assets</i>	<u><u>\$2,101,579</u></u>	<u><u>\$451,822</u></u>	<u><u>\$2,553,401</u></u>
Net Assets			
Restricted for:			
Debt Service	125,732	0	125,732
Permanent Improvements	776,053	0	776,053
Other Purposes	156,402	0	156,402
Unrestricted	<u>1,043,392</u>	<u>451,822</u>	<u>1,495,214</u>
<i>Total Net Assets</i>	<u><u>\$2,101,579</u></u>	<u><u>\$451,822</u></u>	<u><u>\$2,553,401</u></u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$228,715	\$3,591	\$0	\$0	(\$225,124)	\$0	(\$225,124)
Security of Persons and Property	254,111	162,423	0	0	(91,688)	0	(91,688)
Public Health Services	4,150	2,500	0	0	(1,650)	0	(1,650)
Leisure Time Activities	12,664	1,154	0	0	(11,510)	0	(11,510)
Community Environment	4,037	1,717	0	0	(2,320)	0	(2,320)
Basic Utility Services	68,637	0	0	0	(68,637)	0	(68,637)
Transportation	145,016	0	59,150	0	(85,866)	0	(85,866)
Capital Outlay	1,314,628	0	0	0	(1,314,628)	0	(1,314,628)
Principal	227,484	0	0	0	(227,484)	0	(227,484)
Interest and Fiscal Charges	32,888	0	0	0	(32,888)	0	(32,888)
<i>Total Governmental Activities</i>	<u>2,292,330</u>	<u>171,385</u>	<u>59,150</u>	<u>0</u>	<u>(2,061,795)</u>	<u>0</u>	<u>(2,061,795)</u>
Business Type Activity							
Sewer	459,781	245,374	0	254,156	0	39,749	39,749
Water	20,310	62,231	0	0	0	41,921	41,921
<i>Total Business Type Activity</i>	<u>480,091</u>	<u>307,605</u>	<u>0</u>	<u>254,156</u>	<u>0</u>	<u>81,670</u>	<u>81,670</u>
Total	<u>\$2,772,421</u>	<u>\$478,990</u>	<u>\$59,150</u>	<u>\$254,156</u>	<u>(2,061,795)</u>	<u>81,670</u>	<u>(1,980,125)</u>
General Receipts							
Property Taxes Levied for General Purposes					117,522	0	117,522
Municipal Income Taxes					1,341,476	0	1,341,476
Other Taxes					2,559	0	2,559
Grants and Entitlements not Restricted to Specific Programs					66,432	0	66,432
Sale of Fixed Assets					0	0	0
Interest					80,047	0	80,047
Miscellaneous					91,143	325	91,468
<i>Total General Receipts</i>					<u>1,699,179</u>	<u>325</u>	<u>1,699,504</u>
Special Items - Proceeds from Sale of Water System					785,039	0	785,039
Transfers					(2,350)	2,350	0
<i>Total General Receipts, Transfers and Special Items</i>					<u>2,481,868</u>	<u>2,675</u>	<u>2,484,543</u>
Change in Net Assets					420,073	84,345	504,418
<i>Net Assets Beginning of Year</i>					<u>1,681,506</u>	<u>367,477</u>	<u>2,048,983</u>
<i>Net Assets End of Year</i>					<u>\$2,101,579</u>	<u>\$451,822</u>	<u>\$2,553,401</u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,043,392	\$776,053	\$282,134	\$2,101,579
Fund Balances				
Reserved For Encumbrances	\$175,960	\$0	\$63,933	\$239,893
Unreserved, Undesignated, Reported in:				
General Fund	867,432	0	0	867,432
Special Revenue Funds	0	0	156,256	156,256
Debt Service Fund	0	0	61,945	61,945
Capital Projects Funds	0	776,053	0	776,053
<i>Total Fund Balances</i>	<u>\$1,043,392</u>	<u>\$776,053</u>	<u>\$282,134</u>	<u>\$2,101,579</u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$117,522	\$0	\$2,559	\$120,081
Municipal Income Taxes	1,341,476	0	0	1,341,476
Charges for Services	131,589	0	34,488	166,077
Fines, Licenses and Permits	4,256	0	0	4,256
Intergovernmental	67,485	0	59,150	126,635
Interest	48,060	28,686	3,300	80,046
Miscellaneous	91,143	0	0	91,143
<i>Total Receipts</i>	<u>1,801,531</u>	<u>28,686</u>	<u>99,497</u>	<u>1,929,714</u>
Disbursements				
Current:				
General Government	228,715	0	0	228,715
Security of Persons and Property	227,926	0	26,185	254,111
Public Health Services	4,150	0	0	4,150
Leisure Time Activities	12,664	0	0	12,664
Community Environment	4,037	0	0	4,037
Basic Utility Services	68,637	0	0	68,637
Transportation	145,016	0	0	145,016
Capital Outlay	1,224,628	0	90,000	1,314,628
Debt Service:				
Principal Retirement	116,219	0	111,265	227,484
Interest and Fiscal Charges	17,006	0	15,882	32,888
<i>Total Disbursements</i>	<u>2,048,998</u>	<u>0</u>	<u>243,332</u>	<u>2,292,330</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(247,467)</u>	<u>28,686</u>	<u>(143,835)</u>	<u>(362,616)</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	747,367	33,165	780,532
Transfers In	0	0	92,567	92,567
Transfers Out	(94,917)	0	0	(94,917)
Other Financing Sources	4,507	0	0	4,507
<i>Total Other Financing Sources (Uses)</i>	<u>(90,410)</u>	<u>747,367</u>	<u>125,732</u>	<u>782,689</u>
<i>Net Change in Fund Balances</i>	<u>(337,877)</u>	<u>776,053</u>	<u>(18,103)</u>	<u>420,073</u>
<i>Fund Balances Beginning of Year</i>	<u>1,381,269</u>	<u>0</u>	<u>300,237</u>	<u>1,681,506</u>
<i>Fund Balances End of Year</i>	<u>\$1,043,392</u>	<u>\$776,053</u>	<u>\$282,134</u>	<u>\$2,101,579</u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$125,602	\$125,602	\$117,522	(\$8,080)
Municipal Income Taxes	1,355,110	1,355,110	1,341,476	(13,634)
Charges for Services	73,000	73,000	131,589	58,589
Fines, Licenses and Permits	4,450	4,450	4,256	(194)
Intergovernmental	59,190	59,190	67,485	8,295
Interest	54,532	54,532	48,060	(6,472)
Miscellaneous	52,731	52,731	93,535	40,804
<i>Total receipts</i>	<u>1,724,615</u>	<u>1,724,615</u>	<u>1,803,923</u>	<u>79,308</u>
Disbursements				
Current:				
General Government	248,942	248,942	230,712	18,230
Security of Persons and Property	292,455	292,455	248,202	44,253
Public Health Services	4,217	4,217	4,177	40
Leisure Time Activities	15,700	15,700	12,694	3,006
Community Environment	4,800	4,800	4,037	763
Basic Utility Services	77,176	77,176	68,637	8,539
Transportation	185,778	185,778	145,345	40,433
Capital Outlay	1,627,217	1,627,217	1,377,928	249,289
Debt Service:				
Principal Retirement	116,219	116,219	116,219	0
Interest and Fiscal Charges	17,805	17,805	17,006	799
<i>Total Disbursements</i>	<u>2,590,309</u>	<u>2,590,309</u>	<u>2,224,957</u>	<u>365,352</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(865,694)</u>	<u>(865,694)</u>	<u>(421,034)</u>	<u>444,660</u>
Other Financing Sources (Uses)				
Transfers Out	(194,918)	(194,918)	(94,918)	100,000
Other Financing Sources	0	0	4,507	4,507
Other Financing Uses	(180,000)	(180,000)	0	180,000
<i>Total Other Financing Sources (Uses)</i>	<u>(374,918)</u>	<u>(374,918)</u>	<u>(90,411)</u>	<u>284,507</u>
<i>Net Change in Fund Balance</i>	<u>(1,240,612)</u>	<u>(1,240,612)</u>	<u>(511,445)</u>	<u>729,167</u>
<i>Fund Balance Beginning of Year</i>	646,180	646,180	646,180	0
Prior Year Encumbrances Appropriated	735,089	735,089	735,089	0
<i>Fund Balance End of Year</i>	<u>\$140,657</u>	<u>\$140,657</u>	<u>\$869,824</u>	<u>\$729,167</u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2007

	Business-Type Activities		Total
	Water	Sewer	Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$220,444	\$231,378	\$451,822
Net Assets			
Unrestricted	\$220,444	\$231,378	\$451,822

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$62,231	\$245,374	\$307,605
<i>Total Operating Receipts</i>	62,231	245,374	307,605
Operating Disbursements			
Personal Services	9,980	91,438	101,418
Fringe Benefits	845	26,372	27,217
Contractual Services	6,763	86,252	93,015
Materials and Supplies	532	30,956	31,488
Other	2,190	200	2,390
<i>Total Operating Disbursements</i>	20,310	235,218	255,528
<i>Operating Income (Loss)</i>	41,921	10,156	52,077
Non-Operating Receipts/Disbursements			
Special Assessment	0	254,156	254,156
Miscellaneous	163	162	325
Capital Outlay	0	(4,623)	(4,623)
Principal	0	(140,644)	(140,644)
Interest & Fiscal Charges	0	(79,296)	(79,296)
<i>Income (Loss) before Transfers and Advances</i>	42,084	39,911	81,995
Transfers In	0	2,350	2,350
<i>Change in Net Assets</i>	42,084	42,261	84,345
<i>Net Assets Beginning of Year</i>	178,360	189,117	367,477
<i>Net Assets End of Year</i>	\$220,444	\$231,378	\$451,822

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$97</u>
Net Assets	
Unrestricted	<u>\$97</u>

See accompanying notes to the basic financial statements

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Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

NOTE 1: REPORTING ENTITY

The Village of Westfield Center, Medina County, Ohio (the Village) is a body political 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 six member Council. The Village provides general governmental services, including water and sewer utilities, police services, fire protection and street maintenance, construction, and repair.

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 generally accepted accounting principles in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental funds are the General Fund and the Permanent Improvement Fund.

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Permanent Improvement Fund – The Permanent Improvement Fund received the proceeds from the sale of the Village's water system.

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. The following is the Village's proprietary fund type:

Enterprise Funds

These funds account for the operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following major Enterprise funds:

Water Fund – The Water Fund receives charges for services from residents to cover the cost of providing water service to the residents of the Village. The Village sold the water system and for 2007 the water fund is collecting the final billings.

Sewer Fund – The Sewer Fund receives charges for services from residents to cover the cost of providing sewer service to the residents of the Village.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary fund is an agency fund which is used to account for Mayor's Court fine collections and disbursements.

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 this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final 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 Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

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.

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2007, the Village invested in repurchase agreements which is reported at cost.

Interest earnings are allocated to Village funds according to state statutes, grant agreements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$48,060 which includes \$8,686 assigned from other funds.

F. 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.

G. 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.

H. 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 Note 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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 a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Assets

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

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

K. Fund Balance Reserves

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

L. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: EQUITY IN POOLED CASH

Monies held by the Village are classified by State statute into three categories. Active monies are public monies 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 or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

NOTE 3: EQUITY IN POOLED CASH (Continued)

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

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

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

NOTE 3: EQUITY IN POOLED CASH (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Village's name. During 2007, the Village and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2007, the Village's bank balance of \$31,806 was covered by Federal Deposit Insurance Corporation.

Investments

As of December 31, 2007, the Village had investments in overnight repurchase agreements with a carrying value of \$2,585,000.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Village's investment policy places no limit on investment portfolio maturities. The policy states that investments will be matched with anticipated cash flow requirements.

Concentration of Credit Risk. The Village places no limit on the amount that may be invested in any one issuer.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

NOTE 4: LONG TERM OBLIGATIONS

The Village incurred the following obligations in connection with the Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) for the construction of the sewer and water facilities. The payments of these projects' debt are reflected in the general, debt service and enterprise funds.

In 2000, the Village issued \$1,000,000 in debt to fund the construction of the new municipal building. The payments on the municipal building debt are reflected in the general fund.

A detail of long term obligations is as follows:

	Balance 1/1/2007	Additions	Reductions	Balance 12/31/2007
Government Activities				
First Mert Bank Loan				
Municipal Building				
Interest Rate 6.00%	\$419,136	\$0	(\$115,419)	\$303,717
Ohio Water Development Authority - Water				
Interest Rate 7.36%	90,865	0	(59,865)	31,000
Ohio Water Development Authority – Sewer				
Interest Rate 8.31%	136,018	0	(51,400)	84,618
<i>Total Governmental Activities</i>	<u>646,019</u>	<u>0</u>	<u>(226,684)</u>	<u>419,335</u>
Business Type Activities				
Ohio Water Development Authority – Water				
Interest Rate 7.36%	1,958,361	0	(136,229)	1,822,132
Ohio Public Works Commission Water				
Interest Rate 0%	55,197	0	(4,416)	50,781
<i>Total Business-Type Activities</i>	<u>2,013,558</u>	<u>0</u>	<u>(140,645)</u>	<u>1,872,913</u>
<i>Total Long-Term Obligations</i>	<u>\$2,659,577</u>	<u>\$0</u>	<u>(\$367,329)</u>	<u>\$2,292,248</u>

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 4: LONG TERM OBLIGATIONS (Continued)

A summary of the Village's future long-term debt funding requirements, including principal and interest payments as of December 31, 2007 follows:

Years	Ohio Water Department Authority - Water		Business-Type Activities Department Authority - Sewer		Ohio Public Works Commission - Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	\$172,899	\$75,902	\$55,671	\$7,032	\$4,416
2009	147,806	67,719	28,947	2,404	4,416	0
2010	153,958	61,566	0	0	4,416	0
2011	160,366	55,158	0	0	4,416	0
2012	167,041	48,483	0	0	4,416	0
2013-2017	945,474	132,147	0	0	22,078	0
2018-2019	105,588	2,175	0	0	6,623	0
	<u>\$1,853,132</u>	<u>\$443,150</u>	<u>\$84,618</u>	<u>\$9,436</u>	<u>\$50,781</u>	<u>\$0</u>

Years	First Merit Municipal Building		Total	
	Principal	Interest	Principal	Interest
	2008	\$121,112	\$12,112	\$354,098
2009	127,166	6,059	308,335	76,182
2010	55,439	680	213,813	62,246
2011	0	0	164,782	55,158
2012	0	0	171,457	48,483
2013-2017	0	0	967,552	132,147
2018-2019	0	0	112,211	2,175
	<u>\$303,717</u>	<u>\$18,851</u>	<u>\$2,292,248</u>	<u>\$471,437</u>

NOTE 5: PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Property tax receipt received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventories.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$2.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property Valuation	
Residential/Agriculture	\$31,338,410
Commercial/Industrial/Mineral	16,026,890
Tangible Personal Property	
General	468,620
Public Utilities	600,470
Total Valuation	<u><u>\$48,434,390</u></u>

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

NOTE 6: INCOME TAXES

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village on a quarterly basis. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 7: INTERFUND TRANSFERS

During 2007 the following transfers were made:

	<u>Transfer In</u>	<u>Transfer Out</u>
Government Activities		
General Fund	\$0	\$94,917
Nonmajor Funds	<u>92,567</u>	<u>0</u>
Business Type Activities		
Sewer	<u>2,350</u>	<u>0</u>
	<u><u>\$94,917</u></u>	<u><u>\$94,917</u></u>

Village of Westfield Center, Medina County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Transfers 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. The general fund transfers to the other funds were made to provide additional resources for current operations.

NOTE 8: DEFINED BENEFIT PENSION PLAN

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$50,021, \$45,228, and \$43,610 respectively; the full amount has been contributed for 2007, 2006 and 2005.

NOTE 9: POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of employer contributions allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$19,864. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 10: RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability
- Inland Marine
- Wrongful Acts

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

**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***

Mayor and Members of Council
Village of Westfield Center, Medina County
6701 Greenwich Raod
Westfield Center, Ohio 44251

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Westfield Center, Medina County, Ohio, (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 12, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Village of Westfield Center, Medina County
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*
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 matter that is required to be reported under *Government Auditing Standard*.

We noted certain matters that we reported to management of the Village in a separate letter dated September 12, 2008.

This report is intended solely for the information and use of the management and Council, and is not intended to be and should not be used by anyone other than those specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

September 12, 2008

**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2006-001	ORC Section 5705.41(B)	Yes	Finding Corrected



Mary Taylor, CPA
Auditor of State

VILLAGE OF WESTFIELD CENTER

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2008**