

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

**FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2003**



**Auditor of State
Betty Montgomery**

Village Council
Village of Westfield Center

We have reviewed the Independent Auditor's Report of the Village of Westfield Center, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 14, 2004

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

**FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2003**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 9, 2004

Mayor and Members of Council
Village of Westfield Center
Medina County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Village of Westfield Center, Medina County, as of and for the years ended December 31, 2003 and 2002, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and reserves for encumbrances of the Village of Westfield Center, Medina County, as of December 31, 2003 and 2002, and the cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Rea & Associates, Inc.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS					
Taxes	\$ 1,010,444	\$ 2,214	\$ 0	\$ 0	\$ 1,012,658
Intergovernmental	221,230	40,065	0	0	261,295
Charges for Services	63,434	4,583	0	0	68,017
Fines, Licenses, and Permits	1,840	0	0	0	1,840
Interest	27,419	1,175	0	0	28,594
Miscellaneous	74,965	0	0	0	74,965
Total Cash Receipts	1,399,332	48,037	0	0	1,447,369
CASH DISBURSEMENTS					
Current:					
Security of Persons and Property	219,243	2,735	0	0	221,978
Public Health Services	2,242	0	0	0	2,242
Leisure Time Activities	5,671	0	0	0	5,671
Community Environment	4,960	0	0	0	4,960
Transportation	99,506	0	0	0	99,506
General Government	152,605	0	0	0	152,605
Capital Outlay	410,340	60,000	0	7,828	478,168
Debt Service:					
Principal Retirement	165,539	0	82,411	448,407	696,357
Interest and Fiscal Charges	43,629	0	46,845	21,839	112,313
Total Cash Disbursements	1,103,735	62,735	129,256	478,074	1,773,800
Total Receipts Over (Under) Disbursements	295,597	(14,698)	(129,256)	(478,074)	(326,431)
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	189,487	0	189,487
Transfers Out	(194,267)	0	0	0	(194,267)
Other Financing Uses	(579)	0	0	0	(579)
Total Other Financing Sources (Uses)	(194,846)	0	189,487	0	(5,359)
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	100,751	(14,698)	60,231	(478,074)	(331,790)
Fund cash balances, beginning of year	1,265,537	70,217	64,628	478,074	1,878,456
Fund cash balances, end of year	\$ 1,366,288	\$ 55,519	\$ 124,859	\$ 0	\$ 1,546,666
Reserve for encumbrances, December 31, 2003	\$ 211,190	\$ 0	\$ 0	\$ 0	\$ 211,190

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

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

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

	Enterprise	Agency	Totals
<u>Operating Receipts</u>			
Charges for Services	\$ 305,944	\$ 0	\$ 305,944
Fines	0	2,380	2,380
Total Operating Receipts	<u>305,944</u>	<u>2,380</u>	<u>308,324</u>
<u>Operating Disbursements</u>			
Personal Services	135,212	0	135,212
Travel Transportation	55,331	0	55,331
Contractual Services	143,931	0	143,931
Supplies and Materials	64,738	0	64,738
Capital Outlay	8,612	0	8,612
Miscellaneous	16	2,380	2,396
Total Operating Disbursements	<u>407,840</u>	<u>2,380</u>	<u>410,220</u>
Operating Loss	(101,896)	0	(101,896)
<u>Non-Operating Disbursements</u>			
Debt Services:			
Principal Retirement	170,140	0	170,140
Interest and Fiscal Charges	99,800	0	99,800
Total Non-Operating Disbursements	<u>269,940</u>	<u>0</u>	<u>269,940</u>
<u>Non-Operating Revenues</u>			
Special Assessments	311,325		311,325
Miscellaneous Receipts	1,181		1,181
Total Non-Operating Revenues	<u>312,506</u>	<u>0</u>	<u>312,506</u>
Income (Loss) Before Operating Transfers	(59,330)	0	(59,330)
<u>Other Financing Sources (Uses)</u>			
Transfers In	4,780	0	4,780
Total Other Financing Sources (Uses)	<u>4,780</u>	<u>0</u>	<u>4,780</u>
Net Loss	(54,550)	0	(54,550)
Fund cash balances, beginning of year	340,937	50	340,987
Fund cash balances, end of year	<u>\$ 286,387</u>	<u>\$ 50</u>	<u>\$ 286,437</u>
Reserve for encumbrances, December 31, 2003	<u>\$ 8,600</u>	<u>\$ 0</u>	<u>\$ 8,600</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS					
Taxes	\$ 905,694	\$ 2,113	\$ 0	\$ 0	\$ 907,807
Intergovernmental	59,499	26,719	0	0	86,218
Charges for Services	64,788	600	0	0	65,388
Fines, Licenses, and Permits	2,674	0	0	0	2,674
Interest	23,048	1,000	0	5,491	29,539
Miscellaneous	52,724	0	0	0	52,724
Total Cash Receipts	<u>1,108,427</u>	<u>30,432</u>	<u>0</u>	<u>5,491</u>	<u>1,144,350</u>
CASH DISBURSEMENTS					
Current:					
Security of Persons and Property	217,795	924	0	0	218,719
Public Health Services	1,641	0	0	0	1,641
Leisure Time Activities	7,160	0	0	0	7,160
Community Environment	5,011	0	0	0	5,011
Transportation	82,944	5,267	0	0	88,211
General Government	158,360	0	0	0	158,360
Capital Outlay	116,329	1,440	0	89,321	207,090
Debt Service:					
Principal Retirement	82,339	0	76,456	23,487	182,282
Interest and Fiscal Charges	50,885	0	52,800	14,609	118,294
Total Cash Disbursements	<u>722,464</u>	<u>7,631</u>	<u>129,256</u>	<u>127,417</u>	<u>986,768</u>
Total Receipts Over (Under) Disbursements	385,963	22,801	(129,256)	(121,926)	157,582
OTHER FINANCING SOURCES (USES)					
Proceeds from Sales of Public Debt:					
Proceeds of Notes	0	0	0	600,000	600,000
Advances In	53,000	0	0	67,000	120,000
Advances Out	(53,000)	0	0	(67,000)	(120,000)
Transfers In	0	0	129,256	0	129,256
Transfers Out	(141,458)	0	0	0	(141,458)
Total Other Financing Sources (Uses)	<u>(141,458)</u>	<u>0</u>	<u>129,256</u>	<u>600,000</u>	<u>587,798</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	244,505	22,801	0	478,074	745,380
Fund cash balances, beginning of year	1,021,032	47,416	64,628	0	1,133,076
Fund cash balances, end of year	<u>\$ 1,265,537</u>	<u>\$ 70,217</u>	<u>\$ 64,628</u>	<u>\$ 478,074</u>	<u>\$ 1,878,456</u>
Reserve for encumbrances, December 31, 2002	<u>\$ 12,721</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,721</u>

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

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

**COMBINED STATEMENT OF OPERATING RECEIPTS, OPERATING DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise	Agency	Totals
<u>Operating Receipts</u>			
Charges for Services	\$ 421,763	\$ 0	\$ 421,763
Fines	0	3,974	3,974
Total Operating Receipts	421,763	3,974	425,737
<u>Operating Disbursements</u>			
Personal Services	131,129	0	131,129
Travel Transportation	48,219	0	48,219
Contractual Services	170,772	0	170,772
Supplies and Materials	66,637	0	66,637
Capital Outlay	25,013	0	25,013
Miscellaneous	24	3,974	3,998
Total Operating Disbursements	441,794	3,974	445,768
Operating Loss	(20,031)	0	(20,031)
<u>Non-Operating Disbursements</u>			
Debt Services:			
Principal Retirement	115,515	0	115,515
Interest and Fiscal Charges	104,425	0	104,425
Total Non-Operating Disbursements	219,940	0	219,940
<u>Non-Operating Revenues</u>			
Special Assessments	233,616	0	233,616
Total Non-Operating Revenues	233,616	0	233,616
Income (Loss) Before Operating Transfers	(6,355)	0	(6,355)
<u>Other Financing Sources (Uses)</u>			
Transfers In	12,202	0	12,202
Advances In	14,000	0	14,000
Advances Out	(14,000)	0	(14,000)
Total Other Financing Sources	12,202	0	12,202
Net Income	5,847	0	5,847
Fund cash balances, beginning of year	335,090	50	335,140
Fund cash balances, end of year	\$ 340,937	\$ 50	\$ 340,987
Reserve for encumbrances, December 31, 2002	\$ 7,502	\$ 0	\$ 7,502

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Westfield Center, Medina County, 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 has a Mayor's Court which is classified as an agency fund of the governmental unit.

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

B. Basis of Accounting

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

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

C. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

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.

Special Revenue Fund

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Ohio Water Development Authority Fund – This fund is used to accumulate resources for the payment of principal and interest on a loan from the Ohio Water Development Authority.

Capital Projects

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. The Village had the following significant Capital Projects Funds:

Municipal Building Project Fund – This fund receives the proceeds of loans to account for the construction of the Village’s municipal building.

Ionization Project – This fund receives the proceeds of loans to fund the ionization project.

McVay Drive Reconstruction Project – This fund is used to account for the reconstruction of McVay Drive.

PROPRIETARY FUND TYPE:

Enterprise Funds

The Enterprise Funds are used to account for 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 significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing water service.

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

FIDUCIARY FUND TYPE:

Agency Funds

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

Mayor's Court Fund – this fund receives Mayor's Court fine money for distribution to various State and local agencies.

D. Budgetary Process

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

Appropriations

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.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 2: EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2003	2002
Deposits	\$ (226,400)	\$ (79,042)
Overnight Repurchase Agreements	2,059,503	2,298,485
	\$ 1,833,103	\$ 2,219,443

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including repurchase Agreements), and Reverse Repurchase Agreements" requires the Village's investments to be categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Village's name.

Statutory provisions require that all securities acquired by the Village be held by the Village treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the Village for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

Level of risk assumed for fiscal year end December 31, 2003

	1	Category 2	3	Carrying Value	Fair Value
Repurchase Agreement	\$ 0	\$ 0	\$ 2,059,503	\$ 2,059,503	\$ 2,059,503

Level of risk assumed for fiscal year ended December 31, 2002

	1	Category 2	3	Carrying Value	Fair Value
Repurchase Agreement	\$ 0	\$ 0	\$ 2,298,485	\$ 2,298,485	\$ 2,298,485

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 was as follows:

Budgeted vs. Actual Receipts

	2003			2002		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,196,059	\$ 1,399,332	\$ 203,273	\$ 936,965	\$ 1,161,427	\$ 224,462
Special Revenue	45,241	48,037	2,796	32,706	30,432	(2,274)
Debt Service	64,628	189,487	124,859	129,256	129,256	0
Capital Projects	0	0	0	667,000	672,491	5,491
Enterprise	627,020	623,230	(3,790)	665,302	681,581	16,279
Total	\$ 1,932,948	\$ 2,260,086	\$ 327,138	\$ 2,431,229	\$ 2,675,187	\$ 243,958

Budgeted vs. Actual Budgetary Basis Expenditures

	2003			2002		
	Budgeted Disbursements	Budgetary Expenditures	Variance	Budgeted Disbursements	Budgetary Expenditures	Variance
General	\$ 2,278,726	\$ 1,509,771	\$ 768,955	\$ 1,889,317	\$ 929,643	\$ 959,674
Special Revenue	110,041	62,735	47,306	62,364	7,631	54,733
Debt Service	129,256	129,256	0	193,883	129,256	64,627
Capital Projects	478,074	478,074	0	600,000	194,417	405,583
Enterprise	992,062	686,380	305,682	918,498	683,236	235,262
Total	\$ 3,988,159	\$ 2,866,216	\$ 1,121,943	\$ 3,664,062	\$ 1,944,183	\$ 1,719,879

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 for the construction of the sewer and water facilities. The payments of the completed projects debt is reflected in the enterprise fund and debt service fund.

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

In 2002, the Village issued \$600,000 in debt to help fund a Water Ionization Project out of the capital projects fund. In 2003, the project was discontinued due to the inability to receive additional funding. The Village repaid the loan in full during 2003.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 4: LONG TERM OBLIGATIONS (continued)

A detail of long term obligations is as follows:

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2002</u>
GENERAL FUNDS				
First Merit Bank Loan				
Municipal Building				
Interest Rate 6.00%	\$ 886,503	\$ 0	\$ (82,339)	\$ 804,164
DEBT SERVICE FUNDS				
Ohio Water Development				
Authority - Water				
Interest Rate 7.36%	333,977	0	(41,972)	292,005
Ohio Water Development				
Authority - Sewer				
Interest Rate 8.31%	339,577	0	(34,484)	305,093
CAPITAL PROJECTS FUNDS				
First National Bank Loan,				
Ion Treatment				
Interest Rate 4.95%	0	600,000	(23,487)	576,513
ENTERPRISE FUNDS				
Ohio Water Development				
Authority - Water				
Interest Rate 4.12%	2,562,114	0	(111,100)	2,451,014
Ohio Public Works				
Commission - Water				
Interest Rate 0%	77,275	0	(4,415)	72,860
	<u>\$ 4,199,446</u>	<u>\$ 600,000</u>	<u>\$ (297,797)</u>	<u>\$ 4,501,649</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 4: LONG TERM OBLIGATIONS (continued)

	<u>Balance</u> <u>January 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2003</u>
GENERAL FUNDS				
First Merit bank loan				
Municipal Building				
Interest Rate 6.00%	\$ 804,164	\$ 0	\$ (87,433)	\$ 716,731
DEBT SERVICE FUNDS				
Ohio Water Development				
Authority - Water				
Interest Rate 7.36%	292,005	0	(45,061)	246,944
Ohio Water Development				
Authority - Sewer				
Interest Rate 8.31%	305,093	0	(37,350)	267,743
CAPITAL PROJECTS FUNDS				
First National Bank Loan,				
Ion Treatment				
Interest Rate 4.95%	576,513	0	(576,513)	0
ENTERPRISE FUNDS				
Ohio Water Development				
Authority - Water				
Interest Rate 4.12%	2,451,014	0	(115,724)	2,335,290
Ohio Public Works				
Commission - Water				
Interest Rate 0%	72,860	0	(4,416)	68,444
	<u>\$ 4,501,649</u>	<u>\$ 0</u>	<u>\$ (866,497)</u>	<u>\$ 3,635,152</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 4: LONG TERM OBLIGATIONS (continued)

The schedule for principal and interest payments on long-term borrowing for the next five years and thereafter follows:

<u>Year Ending December 31,</u>	<u>Ohio Water Department Authority Water</u>	<u>Ohio Water Department Authority Sewer</u>	<u>Ohio Public Works Sewer</u>	<u>First Merit Municipal Building</u>	<u>Total</u>
2004	\$ 129,256	\$ 215,524	\$ 4,416	\$ 133,225	\$ 482,421
2005	129,256	215,524	4,416	133,225	482,421
2006	129,256	215,524	4,416	133,225	482,421
2007	129,256	215,524	4,416	133,225	482,421
2008	95,979	215,524	4,416	133,225	449,144
2009-2013	31,351	1,077,620	22,079	210,638	1,341,688
2014-2018	0	969,861	22,079	0	991,940
2019-2023	0	0	2,206	0	2,206
Total Principal and Interest	644,354	3,125,101	68,444	876,763	4,714,662
Less: Interest	(129,667)	(789,811)	0	(160,032)	(1,079,510)
Total Principal	<u>\$ 514,687</u>	<u>\$ 2,335,290</u>	<u>\$ 68,444</u>	<u>\$ 716,731</u>	<u>\$ 3,635,152</u>

NOTE 5: PROPERTY TAX

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

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

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

NOTE 6: LOCAL INCOME TAX

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

NOTE 6: LOCAL INCOME TAX (continued)

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 pay estimated taxes quarterly and file a declaration annually.

NOTE 7: RETIREMENT SYSTEMS

Public Employees Retirement System

The Board of Trustees, Village Clerk, and other employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

NOTE 8: 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 also provides health insurance to full-time employees through a private carrier.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 9, 2004

Mayor and Members of Council
Village of Westfield Center
Medina County, Ohio

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

We have audited the accompanying financial statements of the Village of Westfield Center, Medina County, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 9, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Westfield Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Westfield Center in a separate letter dated June 9, 2004.

Internal Control Over Financial Reporting

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

This report is intended for the information and use of Council Members, management and others within the Village, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

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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
JULY 27, 2004**