

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2008

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Mayor and Members of Council
Village of Westfield Center
6701 Greenwich Road
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, 2008 through December 31, 2008. 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

May 11, 2010

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**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY, OHIO
FOR THE YEAR ENDED
DECEMBER 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

Village of Westfield Center
6701 Greenwich Road
Westfield Center, Ohio 44251

To the Mayor and Members of Council:

We have audited the accompanying financial statements of the governmental activities, the 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, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village 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 opinions.

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 basis financial position of the governmental activities, the 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, 2008, and the respective changes in cash basis 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 March 16, 2010 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)

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of 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

March 16, 2010

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(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, 2008, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the financial statements and the notes to the 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 2008 are as follows:

- ❑ General receipts accounted for \$1,766,585 or 77 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$517,365 or 23 percent of total receipts of \$2,283,950.
- ❑ Total program disbursements were \$2,540,208 in Governmental Activities and \$552,440 in Business-Type Activities.
- ❑ In total, net assets of Governmental Activities decreased \$520,223, which represents a 25 percent decrease from 2007.
- ❑ Outstanding debt decreased from \$2,283,812 to \$1,924,813 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 Year Ended December 31, 2008
(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 accounting principles generally accepted in the United States of America. 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 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. 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.

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, which consists of sewer and water services.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(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 been 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 three categories: governmental, proprietary and fiduciary.

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 Other Capital Projects 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 – The Village's only proprietary fund is classified as enterprise fund. 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 sewer and water services provided to the Village residents and businesses. The Village's enterprise funds are both 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's only fiduciary fund is an agency fund, Mayor's Court.

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 2008 compared to 2007.

	(Table 1)					
	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash and Cash Equivalents	<u>\$1,581,356</u>	<u>\$2,101,579</u>	<u>\$193,347</u>	<u>\$451,822</u>	<u>\$1,774,703</u>	<u>\$2,553,401</u>
Net Assets						
Restricted For:						
Debt Service	\$30,973	\$125,732	\$0	\$0	\$30,973	\$125,732
Capital Projects	776,053	776,053	0	0	776,053	776,053
Other Purposes	101,084	156,402	0	0	101,084	156,402
Unrestricted	<u>673,246</u>	<u>1,043,392</u>	<u>193,347</u>	<u>451,822</u>	<u>866,593</u>	<u>1,495,214</u>
Total Net Assets	<u>\$1,581,356</u>	<u>\$2,101,579</u>	<u>\$193,347</u>	<u>\$451,822</u>	<u>\$1,774,703</u>	<u>\$2,553,401</u>

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(Unaudited)

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the Village's net assets totaled \$1,774,703, with the Business-Type Activities accounting for \$193,347 of this balance.

Table 2 reflects the changes in net assets for 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Receipts						
Program Cash Receipts:						
Charges for Services	\$90,203	\$171,385	\$209,365	\$307,605	\$299,568	\$478,990
Operating Grants	0	59,150	0	0	0	59,150
Capital Grants	0	0	217,797	254,156	217,797	254,156
General Receipts:						
Property Taxes	132,400	120,081	0	0	132,400	120,081
Income Taxes	1,272,711	1,341,476	0	0	1,272,711	1,341,476
Grants and Entitlements	223,101	66,432	24,645	0	247,746	66,432
Investment Earnings	37,626	80,047	0	0	37,626	80,047
Miscellaneous	75,820	91,143	282	325	76,102	91,468
Total Receipts	1,831,861	1,929,714	452,089	562,086	2,283,950	2,491,800
Program Disbursements						
General Government	257,741	228,715	0	0	257,741	228,715
Security of Person and Property	308,673	254,111	0	0	308,673	254,111
Public Health Services	5,310	4,150	0	0	5,310	4,150
Leisure Time Activities	27,904	12,664	0	0	27,904	12,664
Community Environment	4,289	4,037	0	0	4,289	4,037
Basic Utility Services	1,225	68,637	0	0	1,225	68,637
Transportation	198,409	145,016	0	0	198,409	145,016
Capital Outlay	1,508,674	1,314,628	0	0	1,508,674	1,314,628
Water Services	0	0	0	20,310	0	20,310
Sewer Services	0	0	552,440	459,781	552,440	459,781
Debt Services:						
Principal Retirement	210,476	227,484	0	0	210,476	227,484
Interest and Fiscal Charges	17,507	32,888	0	0	17,507	32,888
Total Disbursements	2,540,208	2,292,330	552,440	480,091	3,092,648	2,772,421
Excess (Deficiency) Before Special Items and Transfers	(708,347)	(362,616)	(100,351)	81,995	(808,698)	(280,621)
Special Items:						
Proceeds from Sale of Water System Settlement	0	785,039	0	0	0	785,039
	30,000	0	0	0	30,000	0
Transfers	158,124	(2,350)	(158,124)	2,350	0	0
Net Assets, Beginning of Year	2,101,579	1,681,506	451,822	367,477	2,553,401	2,048,983
Net Assets, End of Year	\$1,581,356	\$2,101,579	\$193,347	\$451,822	\$1,774,703	\$2,553,401

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(Unaudited)

Program receipts represent 23 percent of total receipts in 2008 and consist primarily of charges for services.

General receipts represent 77 percent of the Village's total receipts, and of this amount, approximately 80 percent are municipal income, property and other taxes. State and federal grants and entitlements make up 14 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 which accounted for 59 percent of cash disbursements for governmental activities. The next three columns of the statement, entitled charges for services and sales, 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 Year Ended December 31, 2008
(Unaudited)

Table 3 summarizes the total cost and net cost of providing services to the residents and local businesses of the Village for 2008 compared to 2007.

(Table 3)
 Total and Net Costs of Services

	Total Cost of Service <u>2008</u>	Total Cost of Service <u>2007</u>	Net Cost of Service <u>2008</u>	Net Cost of Service <u>2007</u>
Government Activities				
General Government	\$257,741	\$228,715	(\$243,639)	(\$225,124)
Security of Person and Property	308,673	254,111	(245,544)	(91,688)
Public Health Services	5,310	4,150	(5,016)	(1,650)
Leisure Time Activities	27,904	12,664	(26,379)	(11,510)
Community Environment	4,289	4,037	(3,990)	(2,320)
Basic Utility Services	1,225	68,637	(1,225)	(68,637)
Transportation	198,409	145,016	(187,555)	(85,866)
Capital Outlay	1,508,674	1,314,628	(1,508,674)	(1,314,628)
Principal Retirement	210,476	227,484	(210,476)	(227,484)
Interest and Fiscal Charges	17,507	32,888	(17,507)	(32,888)
Business Type Activities				
Water Services	0	20,310	0	41,921
Sewer Services	552,440	459,781	(125,278)	39,749
<i>Total</i>	<u><u>\$3,092,648</u></u>	<u><u>\$2,772,421</u></u>	<u><u>(\$2,575,283)</u></u>	<u><u>(\$1,980,125)</u></u>

The dependence upon general receipts is apparent as only 17 percent of all activities are supported by program receipts.

The Village's Funds

Total governmental funds had receipts of \$2,858,358 and disbursements of \$3,378,581. The General Fund decreased by \$370,146 or 35 percent as the result of increased capital outlay. The Other Capital Projects Fund balance increased by \$776,053 or 100 percent as the result of the balance of the Permanent Improvement Fund being transferred to this fund in 2008. The Other Governmental Funds balance decreased by \$926,130 or 87 percent due to the balance in the Permanent Improvement Fund being transferred to the Other Capital Projects Fund in 2008.

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(Unaudited)

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 2008, 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.

For the general fund, final budgeted revenues exceeded the actual receipts and other financing sources by \$738,128. The primary factor contributing to this was Municipal Income tax and the need to transfer monies falling below expectations.

Actual disbursements and other financing uses of the general fund were \$138,537 below the final budgeted amount of \$2,630,248. The primary factors contributing to this was disbursements for capital outlay falling below budget by \$48,961, security of persons and property falling below by \$27,917 and other financing uses falling below by \$20,790.

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, 2008, the Village had \$1,924,813 in outstanding debt. During fiscal year 2008, \$210,476 of general obligation debt and \$148,523 of business-type debt was retired. Table 4 summarizes the Village's long-term obligations outstanding as of year end.

(Table 4)
Long-Term Obligations
December 31,

	2008	2007
Government Activities		
First Merit Bank Loan	\$171,476	\$295,281
OWDA Loans	28,947	115,618
<i>Total Governmental Activities</i>	200,423	410,899
Business Type Activities		
OWDA Loan	1,680,233	1,822,132
OPWC Loan	44,157	50,781
<i>Total Business Type Activities</i>	1,724,390	1,872,913
<i>Total</i>	\$1,924,813	\$2,283,812

Village of Westfield Center, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(Unaudited)

See note 6 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 2009, as Westfield Group is also predicting another profitable year.

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, Fiscal Officer, 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, 2008

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,581,356</u>	<u>\$193,347</u>	<u>\$1,774,703</u>
<i>Total Assets</i>	<u><u>\$1,581,356</u></u>	<u><u>\$193,347</u></u>	<u><u>\$1,774,703</u></u>
Net Assets			
Restricted for:			
Debt Service	30,973	0	30,973
Capital Projects	776,053	0	776,053
Other Purposes	101,084	0	101,084
Unrestricted	<u>673,246</u>	<u>193,347</u>	<u>866,593</u>
<i>Total Net Assets</i>	<u><u>\$1,581,356</u></u>	<u><u>\$193,347</u></u>	<u><u>\$1,774,703</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, 2008

	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	\$257,741	\$14,102	\$0	\$0	(\$243,639)	\$0	(\$243,639)
Security of Persons and Property	308,673	63,129	0	0	(245,544)	0	(245,544)
Public Health Services	5,310	294	0	0	(5,016)	0	(5,016)
Leisure Time Activities	27,904	1,525	0	0	(26,379)	0	(26,379)
Community Environment	4,289	299	0	0	(3,990)	0	(3,990)
Basic Utility Services	1,225	0	0	0	(1,225)	0	(1,225)
Transportation	198,409	10,854	0	0	(187,555)	0	(187,555)
Capital Outlay	1,508,674	0	0	0	(1,508,674)	0	(1,508,674)
Principal Retirement	210,476	0	0	0	(210,476)	0	(210,476)
Interest and Fiscal Charges	17,507	0	0	0	(17,507)	0	(17,507)
<i>Total Governmental Activities</i>	2,540,208	90,203	0	0	(2,450,005)	0	(2,450,005)
Business Type Activity							
Sewer	552,440	209,365	0	217,797	0	(125,278)	(125,278)
Water	0	0	0	0	0	0	0
<i>Total Business Type Activity</i>	552,440	209,365	0	217,797	0	(125,278)	(125,278)
Total	<u>\$3,092,648</u>	<u>\$299,568</u>	<u>\$0</u>	<u>\$217,797</u>	<u>(2,450,005)</u>	<u>(125,278)</u>	<u>(2,575,283)</u>
General Receipts							
Property Taxes Levied for General Purposes					132,400	0	132,400
Municipal Income Taxes					1,272,711	0	1,272,711
Grants and Entitlements not Restricted to Specific Programs					223,101	24,645	247,746
Interest					37,626	0	37,626
Miscellaneous					75,820	282	76,102
<i>Total General Receipts</i>					1,741,658	24,927	1,766,585
Special Items and Transfers:							
Special Item - Settlement					30,000	0	30,000
Transfers					158,124	(158,124)	0
<i>Total General Receipts, Special Items and Transfers</i>					1,929,782	(133,197)	1,796,585
Change in Net Assets					(520,223)	(258,475)	(778,698)
<i>Net Assets Beginning of Year</i>					2,101,579	451,822	2,553,401
<i>Net Assets End of Year</i>					<u>\$1,581,356</u>	<u>\$193,347</u>	<u>\$1,774,703</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, 2008

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$673,246	\$776,053	\$132,058	\$1,581,357
Fund Balances				
Reserved For Encumbrances	\$129,352	\$2,000	\$22,205	\$153,557
Unreserved, Undesignated, Reported in:				
General Fund	543,894		\$0	543,894
Special Revenue Funds	0		78,880	78,880
Debt Service Fund	0		30,973	30,973
Capital Projects Funds	0	\$774,053	0	774,053
<i>Total Fund Balances</i>	<u>\$673,246</u>	<u>\$776,053</u>	<u>\$132,058</u>	<u>\$1,581,357</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, 2008

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$128,787	\$0	\$3,613	\$132,400
Municipal Income Taxes	1,272,711	0	0	1,272,711
Charges for Services	66,776	0	17,949	84,725
Fines, Licenses and Permits	5,478	0	0	5,478
Intergovernmental	156,182	0	66,919	223,101
Interest	33,623	0	4,003	37,626
Miscellaneous	75,820	0	0	75,820
<i>Total Receipts</i>	<u>1,739,377</u>	<u>0</u>	<u>92,484</u>	<u>1,831,861</u>
Disbursements				
Current:				
General Government	257,741	0	0	257,741
Security of Persons and Property	296,733	0	11,940	308,673
Public Health Services	5,310	0	0	5,310
Leisure Time Activities	27,904	0	0	27,904
Community Environment	4,289	0	0	4,289
Basic Utility Services	1,225	0	0	1,225
Transportation	198,409	0	0	198,409
Capital Outlay	1,372,812	0	135,862	1,508,674
Debt Service:				
Principal Retirement	123,805	0	86,671	210,476
Interest and Fiscal Charges	9,419	0	8,088	17,507
<i>Total Disbursements</i>	<u>2,297,647</u>	<u>0</u>	<u>242,561</u>	<u>2,540,208</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(558,270)</u>	<u>0</u>	<u>(150,077)</u>	<u>(708,347)</u>
Other Financing Sources (Uses)				
Transfers In	220,444	776,053	0	996,497
Transfers Out	(62,320)	0	(776,053)	(838,373)
<i>Total Other Financing Sources (Uses)</i>	<u>158,124</u>	<u>776,053</u>	<u>(776,053)</u>	<u>158,124</u>
Special Item - Settlement	30,000	0	0	30,000
<i>Net Change in Fund Balances</i>	<u>(370,146)</u>	<u>776,053</u>	<u>(926,130)</u>	<u>(520,223)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,043,392</u>	<u>0</u>	<u>1,058,187</u>	<u>2,101,579</u>
<i>Fund Balances End of Year</i>	<u>\$673,246</u>	<u>\$776,053</u>	<u>\$132,057</u>	<u>\$1,581,356</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$125,602	\$125,602	\$128,787	\$3,185
Municipal Income Taxes	1,368,662	1,368,662	1,272,711	(95,951)
Charges for Services	49,000	49,000	66,776	17,776
Fines, Licenses and Permits	4,450	4,450	5,478	1,028
Intergovernmental	61,639	61,639	156,182	94,543
Interest	56,168	56,168	33,623	(22,545)
Miscellaneous	87,226	64,546	75,820	11,274
<i>Total receipts</i>	1,752,747	1,730,067	1,739,377	9,310
Disbursements				
Current:				
General Government	276,705	274,030	262,886	11,144
Security of Persons and Property	303,600	327,804	299,887	27,917
Public Health Services	6,845	6,845	5,330	1,515
Leisure Time Activities	25,330	31,093	27,904	3,189
Community Environment	4,350	4,350	4,289	61
Basic Utilities	1,000	1,225	1,225	0
Transportation	190,676	223,951	199,281	24,670
Capital Outlay	1,600,557	1,544,326	1,495,365	48,961
Debt Service:				
Principal Retirement	118,985	123,935	123,805	130
Interest and Fiscal Charges	12,200	9,500	9,419	81
<i>Total Disbursements</i>	2,540,248	2,547,059	2,429,391	117,668
<i>Excess of Receipts Over (Under) Disbursements</i>	(787,501)	(816,992)	(690,014)	126,978
Other Financing Sources (Uses)				
Transfers In	967,882	967,882	220,444	(747,438)
Transfers Out	(60,000)	(62,399)	(62,320)	79
Other Financing Uses	(30,000)	(20,790)	0	20,790
<i>Total Other Financing Sources (Uses)</i>	877,882	884,693	158,124	(726,569)
<i>Special Item - Settlement</i>	0	0	30,000	30,000
<i>Net Change in Fund Balance</i>	90,381	67,701	(501,890)	(569,591)
<i>Fund Balance Beginning of Year</i>	869,824	869,824	869,824	0
Prior Year Encumbrances Appropriated	175,960	175,960	175,960	0
<i>Fund Balance End of Year</i>	\$1,136,165	\$1,113,485	\$543,894	(\$569,591)

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2008

	Business-Type Activities		Total
	Water	Sewer	Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$0	\$193,347	\$193,347
Net Assets			
Unrestricted	\$0	\$193,347	\$193,347

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, 2008*

	Business-Type Activities		Total Enterprise Funds
	Water	Sewer	
Operating Receipts			
Charges for Services	\$0	\$209,365	\$209,365
<i>Total Operating Receipts</i>	<u>0</u>	<u>209,365</u>	<u>209,365</u>
Operating Disbursements			
Personal Services	0	141,557	141,557
Fringe Benefits	0	60,185	60,185
Contractual Services	0	72,417	72,417
Materials and Supplies	0	50,350	50,350
Capital Outlay	0	4,183	4,183
Other	0	1,600	1,600
<i>Total Operating Disbursements</i>	<u>0</u>	<u>330,292</u>	<u>330,292</u>
<i>Operating Income (Loss)</i>	<u>0</u>	<u>(120,927)</u>	<u>(120,927)</u>
Non-Operating Receipts (Disbursements)			
Special Assessment	0	217,797	217,797
Intergovernmental	0	24,645	24,645
Miscellaneous	0	282	282
Principal	0	(148,523)	(148,523)
Interest & Fiscal Charges	0	(73,625)	(73,625)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>20,576</u>	<u>20,576</u>
<i>Income (Loss) before Transfers</i>	<u>0</u>	<u>(100,351)</u>	<u>(100,351)</u>
Transfers In	0	62,320	62,320
Transfers Out	(220,444)	0	(220,444)
<i>Change in Net Assets</i>	<u>(220,444)</u>	<u>(38,031)</u>	<u>(258,475)</u>
<i>Net Assets Beginning of Year</i>	<u>220,444</u>	<u>231,378</u>	<u>451,822</u>
<i>Net Assets End of Year</i>	<u><u>\$0</u></u>	<u><u>\$193,347</u></u>	<u><u>\$193,347</u></u>

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, 2008

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$140</u>
Net Assets	
Unrestricted	<u>\$140</u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

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 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.

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

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Other Capital Projects 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.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for financial resources accumulated for major capital projects.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

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 fund:

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.

Water Fund – The Water Fund received charges for services from residents to cover the cost of providing water service to the residents of the Village. The Water Plant System was sold in 2006. The activity in the Water Fund during 2008 was to transfer the unexpended balance to the General Fund.

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.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Fiscal Officer. 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."

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

During 2008, the Village invested in repurchase agreements, which is reported at cost and U.S. Treasury Bills which are also 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 2008 was \$33,623 which includes \$18,700 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 9, 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, 2008

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: COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(B), the Other Capital Projects Fund had expenditures plus encumbrances exceeding authorized appropriations at December 31, 2008.

NOTE 4: DEPOSITS AND INVESTMENTS

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.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

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.

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;

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

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.

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 2008, 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, 2008, \$250,000 of the Village's bank balance of \$1,225,944 was covered by Federal Deposit Insurance Corporation. The remaining deposits were uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the Village's name.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

	<u>Cost</u>	<u>Maturity</u>
Repurchase Agreement	\$825,000	Less than 1 Year
U.S. Treasury Bills	702,459	Less than 1 Year

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.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of the outside part. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counter party's trust department or agent in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code 135.14(m)(2) which states " Payment for investments shall be made only upon the delivery of securities representing such investments to the fiscal officer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

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 2008 for real and public utility property taxes represents collections of the 2007 taxes.

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

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 5: PROPERTY TAX (Continued)

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

The full tax rate for all Village operations for the year ended December 31, 2008, was \$2.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property Valuation	
Residential/Agriculture	\$34,220,560
Commercial/Industrial/Mineral	16,376,760
Tangible Personal Property	
General	205,565
Public Utilities	556,520
Total Valuation	<u><u>\$51,359,405</u></u>

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

NOTE 6: 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. The debt service schedule for the debt has been revised. The amount owed on the debt at January 1, 2008 has been restated from \$303,717 to \$295,281.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 6: LONG TERM OBLIGATIONS (Continued)

A detail of long term obligations is as follows:

	Restated Balance 1/1/2008	Additions	Reductions	Balance 12/31/2008
Governmental Activities				
First Merit Bank				
Municipal Building Loan				
Interest Rate 6.00%	\$295,281	\$0	(\$123,805)	\$171,476
Ohio Water Development Authority – Water				
Interest Rate 7.36%	31,000	0	(31,000)	\$0
Ohio Water Development Authority – Sewer				
Interest Rate 8.31%	84,618	0	(55,671)	28,947
<i>Total Governmental Activities</i>	<u>410,899</u>	<u>0</u>	<u>(210,476)</u>	<u>200,423</u>
Business-Type Activities				
Ohio Water Development Authority – Wastewater Treatment Plant Upgrades				
Interest Rate 4.12%	1,822,132	0	(141,899)	1,680,233
Ohio Public Works Commission Wastewater Treatment Plant				
Interest Rate 0%	50,781	0	(6,624)	44,157
<i>Total Business-Type Activities</i>	<u>1,872,913</u>	<u>0</u>	<u>(148,523)</u>	<u>1,724,390</u>
<i>Total Long-Term Obligations</i>	<u>\$2,283,812</u>	<u>\$0</u>	<u>(358,999)</u>	<u>\$1,924,813</u>

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 6: 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, 2008 follows:

Years	Ohio Water Development Authority – Sewer		First Merit Municipal Building		Ohio Water Development Authority – Wastewater Treatment Plant Upgrades	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$28,947	\$2,025	\$127,166	\$6,059	\$147,806	\$67,719
2010	0	0	44,310	680	153,958	61,566
2011	0	0	0	0	160,366	55,158
2012	0	0	0	0	167,041	48,483
2013	0	0	0	0	173,994	41,530
2014-2018	0	0	0	0	877,068	92793
	<u>\$28,947</u>	<u>\$2,025</u>	<u>\$171,476</u>	<u>\$6,739</u>	<u>\$1,680,233</u>	<u>\$367,249</u>

Years	Ohio Public Works Commission – Waste Water Treatment Plant		Total	
	Principal	Interest	Principal	Interest
2009	\$4,416	\$0	\$308,335	\$75,803
2010	4,416	0	202,684	62,246
2011	4,416	0	164,782	55,158
2012	4,416	0	171,457	48,483
2013	4,416	0	178,410	41,530
2014-2018	22,077	0	899,145	92,793
	<u>\$44,157</u>	<u>\$0</u>	<u>\$1,924,813</u>	<u>\$376,013</u>

The Ohio Revised Code provides that the net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that the total voted and unvoted net debt of the Village less the same exempt debt shall never exceed the amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$5,192,314 and an unvoted debt margin of \$2,624,344.

NOTE 7: 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. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another village or city, but not in excess of the 1 percent levied by the Village.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 7: INCOME TAXES (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 are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 8: INTERFUND TRANSFERS

During 2008 the following transfers were made:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities		
General Fund	\$220,444	\$62,320
Other Capital Projects Fund	776,053	0
Non-major Funds	<u>0</u>	<u>776,053</u>
Business-Type Activities		
Water	0	220,444
Sewer	<u>62,320</u>	<u>0</u>
	<u>\$1,058,817</u>	<u>\$1,058,817</u>

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. The Village transferred the unexpended balance from the Water Fund to the General Fund. The Village transferred \$776,053 from the Permanent Improvement Fund set up from proceeds from the sale of the water system, to a reserve balance capital projects fund for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Village.

NOTE 9: 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. 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.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2008 was 14.00 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$55,624, \$50,021, and \$45,228 respectively; the full amount has been contributed for 2008, 2007 and 2006.

NOTE 10: POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan – a defined contribution plan; and the combined plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement 45.

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4643, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS post employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to health care was 7.0% of covered healthcare. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's required contributions which were used to fund post-employment benefits for the year ended December 31, 2008 were \$27,812.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 11: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

Village of Westfield Center, Medina County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

NOTE 11: RISK MANAGEMENT (Continued)

- Inland Marine
- Wrongful Acts

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

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Worker's Compensations system based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

NOTE 12: JOINT VENTURE

Westfield Fire Department is jointly governed and operated by Westfield Township (the Township) and the Village of Westfield Center (the Village). Each governing entity separately appoints two representatives to the governing committee. The Township representatives consist of one trustee and one resident of the Township. The Village appoints two Village Council members as representatives. Per the contract between the Township and the Village, some expenses are initially paid by the Township and certain other expenses are initially paid by the Village. The Township and the Village invoice the other for their portion of the expenses.

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

Village of Westfield Center, Medina County
6701 Greenwich Road
Westfield Center, Ohio 44251

To the Mayor and Members of Council:

We have audited the financial statements of the governmental activities, the 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, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 16, 2010, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 audit 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to management of the Village in a separate letter dated March 16, 2010.

This report is intended solely for the information and use of 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

March 16, 2010



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
MAY 25, 2010**